United Nations A/65/492

General Assembly

Distr.: General
6 October 2010

Original: English

Sixty-fifth session
Agenda item 133
Scale of assessments for the apportionment of the expenses of the United Nations

Scale of assessments for the apportionment of the expenses of the United Nations

Report of the Fifth Committee

Rapporteur: Ms. Nicole Ann **Mannion** (Ireland)

I. Introduction

1. At its 2nd plenary meeting, on 17 September 2010, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its sixty-fifth session the item entitled "Scale of assessments for the apportionment of the expenses of the United Nations" and to allocate it to the Fifth Committee.

2. The Fifth Committee considered agenda item 133 at its 2nd and 3rd meetings, on 4 and 6 October 2010. Statements and observations made in the course of the Committee's consideration of the item are reflected in the relevant summary records (A/C.5/65/SR.2 and 3).

3. For its consideration of the item, the Committee had before it the following documents:

(a) Report of the Committee on Contributions;[1]

(b) Report of the Secretary-General on multi-year payment plans (A/65/65).

II. Consideration of draft resolution A/C.5/65/L.2

4. At its 3rd meeting, on 6 October, the Committee had before it a draft resolution entitled "Scale of assessments for the apportionment of the expenses of the United Nations: requests under Article 19 of the Charter" (A/C.5/65/L.2), which was submitted by the Chair on the basis of informal consultations coordinated by the representative of Thailand.

5. At the same meeting, the Committee adopted draft resolution A/C.5/65/L.2 without a vote (see para. 6).

[1] *Official Records of the General Assembly, Sixty-fifth Session, Supplement No. 11* (A/65/11).

10-56876 (E) 061010

Please recycle

III. Recommendation of the Fifth Committee

6. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

Scale of assessments for the apportionment of the expenses of the United Nations: requests under Article 19 of the Charter

The General Assembly,

Having considered chapter V of the report of the Committee on Contributions on its seventieth session,[1]

Reaffirming the obligation of Member States under Article 17 of the Charter of the United Nations to bear the expenses of the Organization as apportioned by the General Assembly,

1. *Reaffirms* its role in accordance with the provisions of Article 19 of the Charter of the United Nations and the advisory role of the Committee on Contributions in accordance with rule 160 of the rules of procedure of the General Assembly;

2. *Also reaffirms* its resolution 54/237 C of 23 December 1999;

3. *Requests* the Secretary-General to continue to bring to the attention of Member States the deadline specified in resolution 54/237 C, including through an early announcement in the *Journal of the United Nations* and through direct communication;

4. *Urges* all Member States requesting exemption under Article 19 of the Charter to submit as much information as possible in support of their requests and to consider submitting such information in advance of the deadline specified in resolution 54/237 C so as to enable the collation of any additional detailed information that may be necessary;

5. *Agrees* that the failure of the Central African Republic, the Comoros, Guinea-Bissau, Liberia, Sao Tome and Principe and Somalia to pay the full minimum amount necessary to avoid the application of Article 19 of the Charter was due to conditions beyond their control;

6. *Decides* that the Central African Republic, the Comoros, Guinea-Bissau, Liberia, Sao Tome and Principe and Somalia shall be permitted to vote in the General Assembly until the end of its sixty-fifth session.

[1] *Official Records of the General Assembly, Sixty-fifth Session, Supplement No. 11* (A/65/11).

United Nations A/65/492/Add.1

General Assembly

Distr.: General
26 October 2010

Original: English

Sixty-fifth session
Agenda item 133

Scale of assessments for the apportionment of the expenses of the United Nations

Report of the Fifth Committee

Rapporteur: Ms. Nicole Ann **Mannion** (Ireland)

I. Introduction

1. The previous recommendation made by the Fifth Committee to the General Assembly under agenda item 133 appears in the report of the Committee contained in document A/65/492.

2. The Fifth Committee resumed its consideration of the item at its 7th meeting, on 15 October 2010. Statements and observations made in the course of the Committee's consideration of the item are reflected in the relevant summary record (A/C.5/65/SR.7).

3. For its further consideration of the item, the Committee had before it the following documents:

(a) Report of the Committee on Contributions (A/65/11);

(b) Report of the Secretary-General on multi-year payment plans (A/65/65).

II. Consideration of draft resolution A/C.5/65/L.3

4. At its 7th meeting, on 15 October, the Committee had before it a draft resolution entitled "Scale of assessments for the apportionment of the expenses of the United Nations" (A/C.5/65/L.3), submitted by the Chair of the Committee on the basis of informal consultations coordinated by the representative of Thailand.

5. At the same meeting, the Committee adopted draft resolution A/C.5/65/L.3 without a vote (see para. 6).

10-60471 (E) 011110

Please recycle

III. Recommendation of the Fifth Committee

6. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

Scale of assessments for the apportionment of the expenses of the United Nations

The General Assembly,

Recalling its previous resolutions and decisions on the scale of assessments for the apportionment of the expenses of the United Nations, including its resolutions 55/5 B and C of 23 December 2000, 57/4 B of 20 December 2002, 58/1 B of 23 December 2003 and 64/248 of 24 December 2009,

Having considered the report of the Committee on Contributions on its seventieth session[1] as well as the report of the Secretary-General on multi-year payment plans,[2]

1. *Takes note* of the report of the Committee on Contributions;[1]

2. *Also takes note* of the report of the Secretary-General on multi-year payment plans.[2]

[1] *Official Records of the General Assembly, Sixty-fifth Session, Supplement No. 11* (A/65/11).
[2] A/65/65.

United Nations A/65/493

General Assembly

Distr.: General
6 October 2010

Original: English

Sixty-fifth session
Agenda items 129, 134, 136 and 143

Programme budget for the biennium 2010-2011

Human resources management

United Nations common system

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2010*

Statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly

Summary

The present statement, submitted pursuant to rule 153 of the rules of procedure of the General Assembly, describes the administrative and financial implications of the decisions and recommendations of the International Civil Service Commission for the common system, in particular for the programme budget of the United Nations, commencing with that for the biennium 2010-2011. In the interest of providing comprehensive information, the statement also describes the implications for the budgets of peacekeeping operations and the support account for peacekeeping operations, commencing with those for the peacekeeping financial period 2010/2011.

Should the General Assembly approve the recommendations of the Commission, the resource requirements arising from those recommendations under the regular budget for 2011 will be taken into consideration in the context of the performance reports for the biennium 2010-2011. The resource requirements under the budgets of peacekeeping operations and the support account for peacekeeping operations for the peacekeeping financial periods 2011/2012 and 2012/2013 will be taken into consideration.

* An advance copy of the report of the International Civil Service Commission for 2010 (A/65/30) was used in the preparation of the present statement of implications.

10-57045 (E) 141016

Please recycle

partly in the performance report for the period from 1 July 2010 to 30 June 2011 and partly in the context of the proposed budgets for the period from 1 July 2011 to 30 June 2012.

Resource requirements for subsequent periods will be included in the proposed programme budgets and the budgets of peacekeeping operations and the support account for peacekeeping operations.

I. Introduction

1. The annual report of the International Civil Service Commission for 2010 (A/65/30) contains decisions and recommendations giving rise to financial implications for the programme budget, starting with that for the biennium 2010-2011, and for the budgets of peacekeeping operations and the support account for peacekeeping operations, starting with those for the peacekeeping financial period 2010/2011, related to the following issues:

(a) Conditions of service applicable to staff in both the Professional and higher categories and the General Service and related categories:

(i) Education grant;

(b) Conditions of service for staff in the Professional and higher categories:

(i) Base/floor salary scale;

(ii) Children's and secondary dependant's allowances;

(c) Conditions of service for staff in the field:

(i) Harmonization of the conditions of service for staff serving at non-family duty stations in the common system:

a. Harmonization of the designation of non-family duty stations;

b. Additional hardship allowance under the existing mobility and hardship scheme for staff serving at non-family duty stations;

c. Harmonization of rest and recuperation travel for staff members and United Nations Volunteers serving in peacekeeping missions and special political missions.[1]

II. Conditions of service applicable to staff in both the Professional and higher categories and the General Service and related categories

A. Education grant: review of the level

2. The Commission reviewed the proposals made by the Human Resources Network of the United Nations System Chief Executives Board for Coordination for a review of the levels of the education grant[2] on the basis of the analysis of expenditure data relating to the 14,724 claims submitted for the academic year 2008/2009 in the 15 individual countries/currency areas for which the education grant was administered. In addressing the proposals of the Human Resources Network, the Commission reviewed both the movement of school fees and the percentage of submitted claims that exceeded the maximum admissible expenses. In all cases, the Commission decided to limit the percentage increase in the ceiling to 100 per cent of the fee movement or the percentage increase required to bring 95 per cent of cases within the ceiling, whichever is lower.

[1] The report of the Commission does not include financial implications for United Nations Volunteers serving in peacekeeping operations and special political missions.

[2] A/65/30, paras. 74 to 83.

3. The Commission decided to recommend to the General Assembly that:

(a) For Austria, Denmark, France, Germany, Italy, the Netherlands, Spain, Switzerland, the United Kingdom of Great Britain and Northern Ireland, the United States of America and the United States dollar area outside the United States, the maximum admissible expenses and the maximum education grant be adjusted, as shown in the first table of annex III to the report of the Commission;

(b) For Belgium, Ireland, Japan and Sweden, the maximum admissible expenses and the maximum education grant remain at their current levels, as shown in the second table of annex III to the report of the Commission;

(c) For Austria, Belgium, Denmark, France, Germany, Italy, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom, the United States and the United States dollar area outside the United States, the normal flat rates for boarding taken into account within the maximum admissible educational expenses, and the additional amount for the reimbursement of boarding costs over and above the maximum grant payable to staff members at designated duty stations be revised, as shown in the third table of annex III to the report of the Commission;

(d) For Ireland and Japan, the normal flat rates and additional flat rates for boarding be maintained at current levels as shown in the fourth table of annex III to the report of the Commission;

(e) The special measures for China, Hungary, Indonesia, Romania and the Russian Federation as well as the eight specific schools in France be maintained;

(f) The special measures for Bulgaria be discontinued;

(g) All of the measures recommended above be applicable as from the school year in progress on 1 January 2011.

As regards all other proposals, the Commission agreed to defer its decisions and requested its secretariat to take them into consideration in the context of the next methodology review.

4. The annual financial implications arising from the review of the education grant levels detailed in the report of the Commission amount to $2.82 million for the United Nations and other participating organizations of the common system.

5. The financial implications of the recommendations set out in paragraph 3 above for the programme budget of the United Nations for the biennium 2010-2011 have been estimated at $170,900.[3]

6. The financial implications of these recommendations for the budgets of peacekeeping operations for the period from 1 July 2010 to 30 June 2011 and for the period from 1 July 2011 to 30 June 2012 have been estimated at $84,300 and $168,600, respectively.

[3] The estimated annual cost implications arising from these recommendations for the United Nations as a whole amount to $478,000. In calculating the amount of the implications for the programme budget, the human resources statistics of the Chief Executives Board as at 31 December 2009 were used. These show that, of the total of 10,083 Professional staff of the United Nations, 3,606 (35.76 per cent) are funded from the regular budget (the programme budget). Accordingly, this percentage was applied to the amount of $478,000 ($478,000x35.76 per cent=$170,900) to estimate the annual cost implications for the programme budget.

7. The financial implications of these recommendations for the budgets of the support account for peacekeeping operations for the period from 1 July 2010 to 30 June 2011 and for the period from 1 July 2011 to 30 June 2012 have been estimated at $10,900 and $21,800, respectively.

III. Conditions of service for staff in the Professional and higher categories

A. Base/floor salary scale

8. The General Assembly, in section I.H of its resolution 44/198, introduced the concept of the base/floor salary scale[4] for staff in the Professional and higher categories, set by reference to the corresponding net salary levels of officials in comparable positions serving in the base city of the comparator civil service (the federal civil service of the United States of America), with effect from 1 July 1990.

9. The cumulative movement of the General Schedule of the United States federal civil service, the current comparator, increased by 1.5 per cent as from 1 January 2010. Combined with the tax changes recorded at the federal level in Washington, D.C., and in the States of Virginia and Maryland, this increase in gross comparator salaries translated into a net increase of 1.37 per cent as compared with the 2009 levels. In accordance with approved procedure and past practice, an upward adjustment of 1.37 per cent in the common system salary scale for staff in the Professional and higher categories, with effect from 1 January 2011, was recommended. The increase in the base/floor salary scale would be implemented using the standard method of consolidating 1.37 per cent of the post adjustment into the base/floor salary scale on a no-loss/no-gain basis.

10. The annual financial implications arising from such an adjustment in the base/floor salary scale for the United Nations and for other participating organizations of the common system referred to in the report of the Commission amount to approximately $673,000, broken down as follows:

(a) For duty stations with a low post adjustment that would otherwise fall below the level of the new base/floor and might not be able to absorb a base salary increase: none;

(b) In respect of the scale of separation payments: $673,000.

[4] A/65/30, paras. 115 to 120.

11. The financial implications of the recommendation set out in paragraph 9 above for the programme budget of the United Nations for the biennium 2010-2011 have been estimated at $88,600.[5]

12. The financial implications of this recommendation for the budgets of peacekeeping operations for the period from 1 July 2010 to 30 June 2011 and for the period from 1 July 2011 to 30 June 2012 have been estimated at $63,800 and $127,600, respectively.

13. The financial implications of this recommendation for the budgets of the support account for peacekeeping operations for the period from 1 July 2010 to 30 June 2011 and for the period from 1 July 2011 to 30 June 2012 have been estimated at $14,400 and $28,800, respectively.

B. Children's and secondary dependant's allowances: review of the level

14. In its biennial review of dependency allowances for staff in the Professional and higher categories, the Commission considered the levels of children's and secondary dependant's allowances[6] in the context of revisions made with respect to tax provisions and social legislation payments since its previous review. In addition, the Commission was provided with information on the application of the mechanism of transitional measures that it had approved at its sixty-sixth session.

15. The Commission decided to recommend to the General Assembly that, as at 1 January 2011:

(a) The children's allowance be set at $2,929 per annum and the disabled children's allowance at $5,858 per annum;

(b) The secondary dependant's allowance be set at $1,025 per annum;

(c) The United States dollar amount of the allowance, as established in subparagraphs (a) and (b) above, be converted to local currency using the official United Nations exchange rate as at the date of implementation and remain unchanged until the next biennial review;

(d) As a transitional measure where, at the time of implementation, the revised flat-rate allowance is lower than the one currently in effect, the allowances payable to currently eligible staff be equal to the higher rate reduced by 50 per cent of the difference between the two rates;

(e) The dependency allowances be reduced by the amount of any direct payments received by staff from a Government in respect of dependants.

---

[5] The year-to-date expenditure as at the end of August 2010 under the programme budget against the budget lines related to repatriation/termination indemnities amounted to $4,313,100. As repatriation/termination indemnities are paid to staff affected on the basis of their base/floor salary, a change to the base/floor salary scale would affect the expenditures incurred. Therefore, the annual cost implications arising from this recommendation are calculated by annualizing the year-to-date expenditure ($4,313,100) and then multiplying the result by the proposed 1.37 per cent increase in the base/floor salary scale ($4,313,100÷8x12x1.37 per cent=$88,600).

[6] A/65/30, paras. 156 to 162.

16. The annual financial implications arising from the revised levels of the allowances referred to in the report of the Commission amount to $3.9 million for the United Nations and other participating organizations of the common system.

17. The financial implications of the Commission's recommendation concerning children's and secondary dependant's allowances for the programme budget of the United Nations for the biennium 2010-2011 have been estimated at $112,500.[7]

18. The financial implications of the recommendations set out in paragraph 15 above for the budgets of peacekeeping operations for the period from 1 July 2010 to 30 June 2011 and for the period from 1 July 2011 to 30 June 2012 have been estimated at $55,500 and $111,000, respectively.

19. The financial implications of these recommendations for the budgets of the support account for peacekeeping operations for the period from 1 July 2010 to 30 June 2011 and for the period from 1 July 2011 to 30 June 2012 have been estimated at $7,200 and $14,400, respectively.

IV. Conditions of service for staff in the field

A. Harmonization of the conditions of service for staff serving at non-family duty stations in the common system

20. The Secretary-General's proposal for the harmonization of the conditions of service (including second households and hardship allowance) for staff serving at non-family duty stations) for staff serving at non-family duty stations in the common system[8] also called for the harmonization of conditions applying to the United Nations rest and recuperation scheme and those applicable to other common system organizations.

21. In response to a request by the Commission, the secretariat of the Commission established a technical working group with organizations and staff federations with a view to identifying options for the achievement of harmonization regarding the two issues of second households and rest and recuperation.

22. With the exception of the United Nations Secretariat, all organizations of the United Nations common system provide some form of compensation for the maintenance of a second household and other related additional costs when staff with dependants or single staff are assigned to a non-family duty station. Prior to the 2009 contractual reform in the United Nations, the pay package for mission appointees in United Nations peacekeeping operations differed substantially from that applicable to all other common system staff. It did not include any allowance for service in non-family duty stations and consisted of only two elements: base salary and mission subsistence allowance. With the implementation of the

[7] The estimated annual cost implications arising from this recommendation for the United Nations as whole amount to $314,500. In calculating the amount of the implications for the programme budget, the human resources statistics of the Chief Executives Board as at 31 December 2009 were used. These show that, of the total of 10,083 Professional staff of the United Nations, 3,606 (35.76 per cent) are funded from the regular budget (the programme budget). Accordingly, this percentage was applied to the amount of $314,500 ($314,500x35.76 per cent=$112,500) to estimate the annual cost implications for the programme budget.

[8] A/65/30, paras. 193 to 243.

contractual reform on 1 July 2009, former mission appointees were converted to regular staff status and received the standard pay package in terms of post adjustment and benefits/allowances, that is, they were no longer paid the location-specific mission subsistence allowance, but they remained the only common system staff not to benefit from any second household allowance, because the mission subsistence allowance was intended as a lump sum to cover the costs of being at the place of duty, while the base salary was for other commitments outside the duty station.

23. The cost implications for United Nations special political missions and peacekeeping operations as a result of the Commission's recommendations on the harmonization of the conditions of service for staff serving at non-family duty stations are summarized in tables 1, 2 and 3.

24. The tables are followed by a narrative on the financial implications of the three recommendations of the Commission, namely:

(a) Harmonization of the designation of non-family duty stations;

(b) Additional hardship allowance under the existing mobility and hardship scheme for staff serving at non-family duty stations;

(c) Harmonization of rest and recuperation travel.

25. It should be noted that the Commission also recommended that the effective date for its three recommendations on the harmonization of the conditions of service for staff serving at non-family duty stations be six months after any decision by the General Assembly. This would allow organizations to prepare for a smooth implementation. Accordingly, an effective date of 1 July 2011 is envisaged.

26. Table 1 presents the cost implications of the Commission's recommendations on the harmonization of the conditions of service for staff serving at non-family duty stations for the United Nations for the first year of implementation, starting on 1 July 2011, and the annual recurring cost implications thereafter.

27. Table 2 presents the cost implications of the Commission's recommendations for the programme budgets of the United Nations by biennial budgetary cycle (for the bienniums 2010-2011, 2012-2013 and 2014-2015 onwards).

28. Table 3 presents the cost implications of the Commission's recommendations for the budgets of peacekeeping operations by peacekeeping budgetary cycle (for the periods 2011/2012 and 2012/2013 onwards).

Table 1

Cost implications for the United Nations as a result of the Commission's recommendations on the harmonization of the conditions of service for staff serving at non-family duty stations

(United States dollars)

	Cost implications for the first year of implementation (1 July 2011 to 30 June 2012)			*Annual recurring costs after 1 July 2012*
	Total	*Less personal transitional allowance savings*	*Net*	
	a	*b*	*c=(a+b)*	*d*
(i) Harmonization of the designation of non-family duty stations				
Special political missions	9 744 000	(6 214 000)	3 530 000	4 253 000
Peacekeeping operations	18 635 000	(1 759 000)	16 876 000	8 487 800
Subtotal (i)	**28 379 000**	**(7 973 000)**	**20 406 000**	**12 740 800**
(ii) Additional hardship allowance for staff serving in non-family duty stations				
Special political missions	5 750 000	(230 000)	5 520 000	5 750 000
Peacekeeping operations	57 165 000	(17 368 000)	39 797 000	57 165 000
Subtotal (ii)	**62 915 000**	**(17 598 000)**	**45 317 000**	**62 915 000**
(iii) Harmonization of rest and recuperation travel				
Special political missions — rest and recuperation travel for staff	4 815 000	—	4 815 000	4 815 000
Special political missions — rest and recuperation travel for United Nations Volunteers	742 000	—	742 000	742 000
Subtotal (regular budget)	**5 557 000**	—	**5 557 000**	**5 557 000**
Peacekeeping operations — rest and recuperation travel for staff	40 332 000	—	40 332 000	40 332 000
Peacekeeping operations — rest and recuperation travel for United Nations Volunteers	18 880 000	—	18 880 000	18 880 000
Subtotal (peacekeeping operations)	**59 212 000**	—	**59 212 000**	**59 212 000**
Subtotal (iii)	**64 769 000**	—	**64 769 000**	**64 769 000**
Total (i, ii and iii)	**156 063 000**	**(25 571 000)**	**130 492 000**	**140 424 800**
Distribution by source of fund:				
Regular budget (special political missions)	21 051 000	(6 444 000)	14 607 000	15 560 000
Peacekeeping operations	135 012 000	(19 127 000)	115 885 000	124 864 800

Table 2

Cost implications for the programme budget of the United Nations as a result of the Commission's recommendations on the harmonization of the conditions of service for staff serving at non-family duty stations, by biennial budgetary cycle

(United States dollars)

		Biennium 2010-2011			*Biennium 2012-2013*			*Biennium 2014-2015*
		Cost implications (July 2011-December 2011)			*Cost implications (January 2012-December 2013)*			*Cost implications*
ICSC recommendations by time period	*Row number*	*Total*	*Less personal transitional allowance savings*	*Net*	*Total*	*Less personal transitional allowance savings*	*Net*	*Total*
		a	*b*	*c=(a+b)*	*g*	*h*	*i=(g+h)*	*j*
(i) Harmonization of the designation of non-family duty stations								
July 2011-December 2011[a]	I	7 308 000	(3 107 000)	4 201 000				
January 2012-June 2012[a]	II				2 436 000	(3 107 000)	(671 000)	
July 2012-December 2012	III				2 126 500	—	2 126 500	
January 2013-December 2013	IV				4 253 000	—	4 253 000	
Subtotal (January 2012-December 2013)	**II+III+IV**				**8 815 500**	**(3 107 000)**	**5 708 500**	
January 2014-December 2015	V							8 506 000
(ii) Additional hardship allowance for staff serving at non-family duty stations								
July 2011-December 2011[b]	VI	2 875 000	(115 000)	2 760 000				
January 2012-June 2012[b]	VII				2 875 000	(115 000)	2 760 000	
July 2012-December 2012	VIII				2 875 000	—	2 875 000	
January 2013-December 2013	IX				5 750 000	—	5 750 000	
Subtotal (January 2012-December 2013)	**VII+VIII+IX**				11 500 000	(115 000)	11 385 000	
January 2014-December 2015	X							11 500 000
(iii) Harmonization of rest and recuperation travel								
Special political missions rest and recuperation (staff) (July 2011-December 2011)	XI	2 407 500	—	2 407 500				

ICSC recommendations by time period	Row number	Biennium 2010-2011			Biennium 2012-2013			Biennium 2014-2015
		Cost implications (July 2011-December 2011)			Cost implications (January 2012-December 2013)			Cost implications
		Total	Less personal transitional allowance savings	Net	Total	Less personal transitional allowance savings	Net	Total
		a	*b*	*c=(a+b)*	*g*	*h*	*i=(g+h)*	*j*
Special political missions rest and recuperation (United Nations Volunteers) (July 2011-December 2011)	XII	371 000	—	371 000				
Subtotal special political missions (United Nations staff+United Nations Volunteers) (July 2011-December 2011)	**XI+XII**	**2 778 500**	**—**	**2 778 500**				
Special political missions rest and recuperation (staff) (January 2012-December 2013)	XIII				9 630 000	—	9 630 000	
Special political missions rest and recuperation (United Nations Volunteers) (January 2012-June 2013)	XIV				1 484 000	—	1 484 000	
Subtotal special political missions (United Nations staff+United Nations Volunteers) (July 2012-December 2013)	**XIII+XIV**				**11 114 000**	**—**	**11 114 000**	
Special political missions rest and recuperation (staff) (January 2014-December 2015)								9 630 000
Special political missions rest and recuperation (United Nations Volunteers) (January 2014-December 2015)								1 484 000
Subtotal special political missions (United Nations staff+United Nations Volunteers) (July 2014-December 2015)								**11 114 000**
Total		**12 961 500**	**(3 222 000)**	**9 739 500**	**31 429 500**	**(3 222 000)**	**28 207 500**	**31 120 000**

[a] The sums under "Total", "Less personal transitional allowance savings" and "Net" in rows I and II equal, respectively, the amounts of implications under "Total", "Less personal transitional allowance savings" and "Net" for the first year of implementation of the recommendations on the harmonization of the designation of non-family duty stations, as shown in table 1. (For example, the sum of $4,201,000 plus ($671,000) equals $3,530,000, which is the net amount under the programme budget shown in table 1.)

[b] The sums under "Total", "Less personal transitional allowance savings" and "Net" in rows VI and VII equal, respectively, the amounts of implications under "Total", "Less personal transitional allowance savings" and "Net" for the first year of implementation of the recommendations on additional hardship allowance for staff serving in non-family duty stations, as shown in table 1. (For example, the sum of $2,760,000 plus $2,760,000 equals $5,520,000, which is the net amount under the programme budget shown in table 1.)

Table 3

Cost implications for the budgets of peacekeeping operations as a result of the Commission's recommendations on the harmonization of the conditions of service for staff serving at non-family duty stations, by peacekeeping budgetary cycle

(United States dollars)

	July 2011- June 2012			*July 2012- June 2013*		
	Total	*Less personal transitional allowance savings*	*Net*	*Total*	*Less personal transitional allowance savings*	*Net*
	a	*b*	*c=(a+b)*	*a*	*b*	*c=(a+b)*
(i) Harmonization of the designation of non-family duty stations	18 635 000	(1 759 000)	16 876 000	8 487 800	—	8 487 800
(ii) Additional hardship allowance for staff serving at non-family duty stations	57 165 000	(17 368 000)	39 797 000	57 165 000	—	57 165 000
(iii) Harmonization of rest and recuperation travel						
Rest and recuperation travel for staff	40 332 000	—	40 332 000	40 332 000	—	40 332 000
Rest and recuperation travel for United Nations Volunteers	18 880 000	—	18 880 000	18 880 000	—	18 880 000
Subtotal (rest and recuperation travel)	**59 212 000**	—	**59 212 000**	**59 212 000**	—	**59 212 000**
Total (i)+(ii)+(iii)	**135 012 000**	**(19 127 000)**	**115 885 000**	**124 864 800**	—	**124 864 800**

1. Harmonization of the designation of non-family duty stations

29. After detailed deliberation, the Commission decided to recommend to the General Assembly that the United Nations harmonize the designation of non-family duty stations[9] on the basis of a security assessment, as currently applied by the rest of the common system.

30. In accordance with the decision taken by the Commission at its seventy-first session, an estimate of the financial implications for the United Nations Secretariat arising from its recommendations regarding the harmonization of the designation of non-family duty stations was provided to the Commission by the United Nations Secretariat. Those implications amount to $20.3 million for the first year of implementation and $12 million per annum thereafter.

31. As shown in section (i) of table 1, for the first year of implementation, from 1 July 2011 to 30 June 2012, the total financial implications of the Commission's recommendations on the harmonization of the designation of non-family duty stations, as estimated by the Secretariat, amount to $28,379,000, of which $9,744,000 relates to special political missions funded under the programme budget of the United Nations and $18,635,000 relates to peacekeeping operations. After the

[9] A/65/30, paras. 193 to 198.

deduction of the savings realized from the discontinuance of personal transitional allowance, totalling $7,973,000 ($6,214,000 for special political missions and $1,759,000 for peacekeeping operations), from the total financial implications for the first year, the net financial implications of the recommendations amount to $20,406,000 ($3,530,000 for special political missions and $16,876,000 for peacekeeping operations). The amount of the net financial implications of the recommendations for the first year ($20,406,000) differs slightly from the corresponding amount set out in the report of the Commission ($20,300,000), as a result of rounding. The cost implications referred to above are applicable only to the first year of the implementation of the recommendations and include one-time costs relating to the installation of the family members of all staff currently serving at locations that would be designated as family duty stations.

32. As also shown in section (i) of table 1, the annual recurring costs after the first year of implementation, that is, after 1 July 2012, are estimated at $12,740,800 ($4,253,000 for special political missions and $8,487,800 for peacekeeping operations). This includes the recurring costs relating to the education grant travel and home leave travel of family members, as well as one-time costs relating to the installation of new families, based on a three-year average assignment period for staff at family duty stations.

33. The financial implications of these recommendations for the first year of implementation would affect the programme budget for the current biennium, 2010-2011 (the six-month period from 1 July 2011 to 31 December 2011), and the proposed programme budget for the biennium 2012-2013 (the six-month period from 1 January 2012 to 30 June 2012). It is assumed that 75 per cent of the total costs estimated for the first year of implementation would be incurred during the first six months and 25 per cent during the second six months, while the estimated personal transitional allowance savings during the first year and the annual recurring costs as from 1 July 2012 would be applied proportionally on the basis of the length of the time period affected. On the basis of this assumption, the net financial implications for the programme budget for the biennium 2010-2011 and for the proposed programme budgets for the bienniums 2012-2013 and 2014-2015 onwards have been estimated at $4,201,000, $5,708,500 and $8,506,000, respectively, as shown in section (i) of table 2.

34. Unlike the programme budget, the effective date coincides with the starting date of the budgetary cycle for peacekeeping operations. The net financial implications for the budgets of peacekeeping operations for the periods 2011/2012 and 2012/2013 onwards have been estimated at $16,876,000 and $8,487,800, respectively, as shown in section (i) of table 3.

2. Additional hardship allowance under the existing mobility and hardship scheme for staff serving at non-family duty stations

35. As regards staff assigned to non-family duty stations, the Commission decided to recommend to the General Assembly:[10]

(a) That a change be made to the existing hardship allowance whereby staff assigned to non-family duty stations would receive an additional amount in recognition of the fact that such service represents an increased level of financial

[10] A/65/30, para. 243.

and psychological hardship in terms of involuntary separation from families and additional costs related to such service;

(b) That for staff paid at the dependency rate, the additional measure be 100 per cent of the applicable dependency rate of the hardship allowance for category E — the most difficult duty stations — and that the hardship matrix be amended to reflect this, as shown in annex X to the report of the Commission;

(c) That for staff paid at the single rate, the additional measure be equivalent to 50 per cent of the applicable single rate of the hardship allowance for category E — the most difficult duty stations — and that the hardship matrix be amended to reflect this, as shown in annex X to the report of the Commission;

(d) That staff continue to receive the normal hardship allowance at the level applicable to the duty station to which they are assigned.

36. The financial implications of the Commission's recommendations regarding additional hardship allowance under the existing mobility and hardship scheme for staff serving at non-family duty stations, as estimated by the Commission, amount to $46.8 million per annum for staff members of the United Nations Secretariat. However, the other United Nations agencies, funds and programmes would realize cost savings, which gives rise to the overall estimated cost to the common system of $21.9 million per annum.

37. As shown in section (ii) of table 1, the total financial implications of the Commission's recommendations for the first year of implementation (1 July 2011 to 30 June 2012) as estimated by the Secretariat, amount to $62,915,000 ($5,750,000 for special political missions and $57,165,000 for peacekeeping operations). With the partial offsetting of this amount by savings realized through the discontinuation of the personal transitional allowance, totalling $17,598,000 ($230,000 under special political missions and $17,368,000 under peacekeeping operations), the net financial implications for special political missions and peacekeeping operations amount to $45,317,000 ($5,520,000 for special political missions and $39,797,000 for peacekeeping operations).

38. As shown in section (ii) of table 1, as from 1 July 2012, the annual recurring costs of the Commission's recommendations after the first year of implementation are estimated at $62,915,000 ($5,750,000 for special political missions and $57,165,000 for peacekeeping operations).

39. The difference between the cost estimated by the Commission for the first year of the implementation ($46.8 million) and the United Nations Secretariat's corresponding estimate of $45,317,000 is due to the time lag between the two calculations and to the fact that a different assumption was used. The net amount of $46.8 million estimated by the Commission represents the estimated cost for the allowances for 6,078 staff at non-family duty stations as at 1 March 2010, without allowing for the impact of the Commission's recommendations on the harmonization of the designation of non-family duty stations, that is, assuming the two recommendations are independent from each other. In calculating the net cost, the Commission assumed that the total amount of personal transitional allowance ($36.5 million) paid in 2009 would be offset against the total cost ($83.3 million). However, the United Nations Secretariat calculated the cost of introducing the allowance on the basis of 4,655 staff at non-family duty stations after adjusting for 1,423 staff who would be assigned to family duty stations, as recommended by the

Commission, assuming that the recommendations regarding additional hardship allowance would be implemented in conjunction with the recommendations on the harmonization of the designation of non-family duty station. The Secretariat's calculation also took into account the deduction of $17,598,000 in savings realized through the discontinuation of the personal transitional allowances from the total financial implications, resulting in an estimated net cost of $45,317,000 for the first year of implementation.

40. As noted above, the envisaged effective date for implementation of these recommendations is 1 July 2011. The financial implications of the recommendations for the first year of implementation would affect the programme budget for the current biennium, 2010-2011 (the six-month period from 1 July 2011 to 31 December 2011), and the proposed programme budget for the biennium 2012-2013 (the six-month period from 1 January 2012 to 30 June 2012). It is assumed that the total costs and personal transitional allowances estimated for the first year of implementation would be incurred proportionally on the basis of the length of the time period affected, that is, 50 per cent during the first six months, which falls in the biennium 2010-2011, and 50 per cent during the second six months, which falls in the biennium 2012-2013. As from 1 July 2012, the annual recurring costs shown in table 1 would also be incurred proportionally during the bienniums affected. On the basis of this assumption, the net financial implications for the programme budget for 2010-2011 and for the proposed programme budgets for 2012-2013 and 2014-2015 onwards have been estimated at $2,760,000, $11,385,000 and $11,500,000, respectively, as shown in section (ii) of table 2.

41. The net financial implications for the budgets of peacekeeping operations for the periods 2011/2012 and 2012/2013 onwards have been estimated at $39,797,000 and $57,165,000, respectively, as shown in section (ii) of table 3.

3. Harmonization of rest and recuperation travel

42. The Commission recommends to the General Assembly that the provisions governing rest and recuperation be harmonized across the common system through the adoption of a common rest and recuperation framework. On the basis of the recommendation made by the Commission at its seventy-first session, the United Nations Secretariat provided an estimate of the financial implications arising from its recommendation regarding the harmonization of rest and recuperation travel for staff members of the Secretariat, amounting to $45.15 million per annum. As indicated in the report of the Commission, the financial impact of such harmonization on other common system organizations is more or less cost-neutral.

43. It should be noted that the cost estimate set out in the report of the Commission with regard to the United Nations Secretariat does not take account of United Nations Volunteers serving in peacekeeping operations and special political missions. The conditions of service for United Nations Volunteers provide for the extension of the same rest and recuperation scheme as that provided to the staff of the organization in which they serve. Accordingly, should the General Assembly approve the introduction of paid rest and recuperation travel for international field staff, International United Nations Volunteers serving in United Nations field operations would be eligible for paid rest and recuperation travel under the same conditions as international staff. This would also harmonize the rest and recuperation scheme for United Nations Volunteers serving with the Secretariat with the scheme

provided for United Nations Volunteers serving with separately administered funds and programmes at the same duty stations.

44. The annual financial implications of the harmonization of rest and recuperation travel for staff members of the United Nations Secretariat have been estimated at $45,147,000 for paid rest and recuperation travel for staff members, including $4,815,000 for special political missions and $40,332,000 for peacekeeping operations, as indicated in section (iii) of table 1.

45. The financial implications of the harmonization of rest and recuperation travel for United Nations Volunteers serving in peacekeeping operations and special political missions have been estimated at $19,622,000 for paid rest and recuperation travel for United Nations Volunteers, including $742,000 for special political missions and $18,880,000 for peacekeeping operations, as indicated in section (iii) of table 1.

46. In total, the financial implications of the harmonization of rest and recuperation travel have been estimated at $64,769,000 for paid rest and recuperation travel for staff members and United Nations Volunteers, including $5,557,000 for special political missions and $59,212,000 for peacekeeping operations.

47. The annual recurring costs arising from this recommendation after the first year of implementation are estimated at $64,769,000 for paid rest and recuperation travel for staff members and United Nations Volunteers, including $5,557,000 for special political missions and $59,212,000 for peacekeeping operations.

48. As the envisaged effective date for the implementation of this recommendation is 1 July 2011, the financial implications of the recommendation for the first year of implementation, as set out in paragraph 44 above, would affect the programme budget for the current biennium, 2010-2011 (the six-month period from 1 July 2011 to 31 December 2011), and the proposed programme budget for the biennium 2012-2013 (the six-month period from 1 January 2012 to 30 June 2012). It is assumed that the estimated total costs during the first year of implementation would be incurred proportionally on the basis of the length of the time period affected, that is, 50 per cent during the first six months, which falls in the biennium 2010-2011, and 50 per cent during the second six months, which falls in the biennium 2012-2013. As from 1 July 2012, the annual recurring costs shown in table 1 would also be incurred proportionally in the bienniums affected. On the basis of this assumption, the net financial implications for the programme budgets for the bienniums 2010-2011, 2012-2013 and 2014-2015 onwards have been estimated at $2,778,500, $11,114,000 and $11,114,000, respectively, as shown in section (iii) of table 2.

49. The net financial implications for the budgets of peacekeeping operations for the period 2011/2012 onwards have been estimated at $59,212,000, as shown in section (iii) of table 3.

50. The overall net financial implications of the Commission's recommendations on the harmonization of the conditions of service for staff serving at non-family duty stations for the programme budget for the biennium 2010-2011 and the proposed programme budgets for 2012-2013 and 2014-2015 onwards are estimated at $9,739,500, $28,207,500 and $31,120,000, respectively, as shown in table 2.

51. The overall net financial implications of the Commission's recommendations on the harmonization of the conditions of service for staff serving at non-family duty

stations for the budgets of peacekeeping operations for the periods 2011/2012 and 2012/2013 onwards are estimated at $115,885,000 and $124,864,800, respectively, as shown in table 3.

V. Conclusions and recommendations

52. **In summary, the financial implications arising from the decisions and recommendations of the International Civil Service Commission for the programme budget for the bienniums 2010-2011, 2012-2013 and 2014-2015 onwards are estimated at $10,111,500, $28,951,500 and $31,864,000, respectively, as summarized in table 4.**

Table 4
Summary of financial implications for programme budgets and proposed programme budgets as a result of the decisions and recommendations of the Commission
(United States dollars)

	Biennium 2010-2011	*Biennium 2012-2013*	*Biennium 2014-2015 onwards*
(a) Education grant	170 900	341 800	341 800
(b) Base/floor salary scale	88 600	177 200	177 200
(c) Children's and secondary dependant's allowances	112 500	225 000	225 000
(d) Harmonization of the conditions of service for staff serving at non-family duty stations	9 739 500	28 207 500	31 120 000
Total	**10 111 500**	**28 951 500**	**31 864 000**

53. **Subject to the approval by the General Assembly of the recommendations of the Commission, requirements for the biennium 2010-2011 will be considered in the context of the performance reports for the biennium 2010-2011 and requirements for the biennium 2012-2013 will be considered in the context of the proposed programme budget for the biennium 2012-2013.**

54. **The financial implications arising from the decisions and recommendations of the International Civil Service Commission for the budgets of peacekeeping operations for the periods 2010/2011, 2011/2012 and 2012/2013 onwards are estimated at $203,600, $116,292,200 and $125,272,000, respectively, and the financial implications for the support account for peacekeeping operations for the periods 2010/2011 and 2011/2012 onwards are estimated at $32,500 and $65,000, respectively, as summarized in table 5.**

Table 5

Summary of financial implications for the budgets of peacekeeping operations and the support account for peacekeeping operations as a result of the decisions and recommendations of the Commission

(United States dollars)

	1 July 2010-30 June 2011		*1 July 2011-30 June 2012*		*1 July 2012-30 June 2013*	
	Peacekeeping operations budgets	*Support account*	*Peacekeeping operations budgets*	*Support account*	*Peacekeeping operations budgets*	*Support account*
(a) Education grant	84 300	10 900	168 600	21 800	168 600	21 800
(b) Base/floor salary scale	63 800	14 400	127 600	28 800	127 600	28 800
(c) Children's and secondary dependant's allowances	55 500	7 200	111 000	14 400	111 000	14 400
(d) Harmonization of the conditions of service for staff serving at non-family duty stations	—	—	115 885 000	—	124 864 800	—
Subtotal	**203 600**	**32 500**	**116 292 200**	**65 000**	**125 272 000**	**65 000**
Total (peacekeeping operations and support account)		**236 100**		**116 357 200**		**125 337 000**

55. **Subject to the approval by the General Assembly of the recommendations of the Commission, requirements for peacekeeping budgets and the support account will be reflected in the performance reports relating to the budgets for the period 1 July 2010 to 30 June 2011 and in the context of the proposed budgets for the period 1 July 2011 to 30 June 2012.**

United Nations A/65/494–S/2010/511

General Assembly
Security Council

Distr.: General
6 October 2010

Original: English

General Assembly
Sixty-fifth session
Agenda item 97
General and complete disarmament

Security Council
Sixty-fifth year

Letter dated 4 October 2010 from the Permanent Representative of Ukraine to the United Nations addressed to the Secretary-General

On behalf of the delegations of Chile, Mexico and Ukraine, I have the honour to transmit herewith a joint declaration of our States, as countries that have voluntarily taken concrete steps to eliminate the use of highly enriched uranium for civilian purposes (see annex).

I should be grateful if the present letter and its annex could be circulated as a document of the General Assembly, under agenda item 97, and of the Security Council.

(*Signed*) Yuriy **Sergeyev**
Ambassador
Permanent Representative

10-57000 (E) 071010

Please recycle

Annex to the letter dated 4 October 2010 from the Permanent Representative of Ukraine to the United Nations addressed to the Secretary-General

Joint declaration by the delegations of Chile, Mexico and Ukraine

The delegations of Chile, Mexico and Ukraine, as countries that have voluntarily taken concrete steps to eliminate the use of highly enriched uranium for civilian purposes, would like to state the following:

In recent years, the possibility of non-State actors acquiring nuclear materials to carry out acts of nuclear terrorism has become one of the most challenging threats to international peace and security.

It is thus necessary to consolidate a robust international system and to strengthen national legislative and regulatory frameworks to effectively maintain the security of all nuclear materials.

We reaffirm our will to work together for our common security, including the fulfilment of the commitments made at the Washington Nuclear Security Summit in April 2010, and especially to work on securing vulnerable nuclear materials.

The decision of our countries to eliminate the use of highly enriched uranium is a significant contribution to strengthening the international non-proliferation regime. These measures taken by non-nuclear-weapon States are an example of concrete steps towards reducing the nuclear threat. But in order to make a safer world for all, it is necessary for the nuclear-weapon States to also take concrete steps towards the total elimination of their nuclear arsenals in a transparent, verifiable and irreversible manner, leading towards the common goal of a world free of nuclear weapons.

We welcome the positive steps in the sphere of nuclear disarmament and non-proliferation and the outcome of the 2010 Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), and will follow up on the actions agreed by consensus. We call upon all States that are not parties to the NPT to ratify it promptly and without conditions as non-nuclear-weapon States in order to achieve universality.

We call upon the nuclear-weapon States to fulfil their obligations under article VI of the NPT and to accelerate the implementation of practical steps towards nuclear disarmament agreed in the 2000 and 2010 NPT Review Conferences, including the unequivocal undertaking to accomplish the total elimination of their nuclear arsenals.

We call upon States that have not yet done so to conclude a comprehensive safeguards agreement with the International Atomic Energy Agency and to consider signing and ratifying an additional protocol.

The achievement of a world free of nuclear weapons will require the full compliance of all States with the legal framework encompassing all international treaties and agreements on this matter.

Our countries have demonstrated that, when there is political will, actions can be taken to make the world a safer place, and that we will spare no effort to pursue this objective. We are jointly resolved to achieve the goal of a world free from nuclear weapons. We firmly hold that the post-nuclear era must start now.

United Nations A/65/495

General Assembly

Distr.: General
6 October 2010

Original: English

Sixty-fifth session
Agenda item 8
General debate

Letter dated 28 September 2010 from the Permanent Representative of the Islamic Republic of Iran to the United Nations addressed to the President of the General Assembly

I have the honour to transmit herewith the written statement of the delegation of the Islamic Republic of Iran in exercise of its right of reply to the remarks made by the President of the Republic of Argentina in the general debate of the sixty-fifth session of the General Assembly, on 24 September 2010 (see annex).

It would be highly appreciated if you could have this letter and its annex circulated as a document of the General Assembly under agenda item 8.

(*Signed*) Mohammad **Khazaee**
Ambassador
Permanent Representative

10-57034 (E) 111010

Please recycle

Annex to the letter dated 28 September 2010 from the Permanent Representative of the Islamic Republic of Iran to the United Nations addressed to the President of the General Assembly

1. On Friday, 24 September 2010, the President of the Republic of Argentina repeated a statement which implied the false accusations alleging the involvement of some Iranian nationals in the 1994 bombing in a building in Buenos Aires called AMIA.

2. The delegation of the Islamic Republic of Iran expresses its regret that some Argentine authorities persist in treading down the wrong path of distancing themselves from justice by levelling baseless allegations against foreign citizens instead of launching a meaningful investigation coupled with political will to identify the real perpetrators of that heinous crime.

3. We would like here to recall our position regarding this matter as outlined in our previous correspondence, including the letters dated 28 September 2007, 28 September 2008 and 28 September 2009, which were circulated as documents A/62/485, A/63/468 and A/64/481, respectively.

4. The Islamic Republic of Iran would like to reiterate its views and legal demands on the Government of Argentina as follows:

(a) The Government of the Islamic Republic of Iran has made sure that no Iranian citizen was involved, directly or indirectly, in the AMIA explosion. The Islamic Republic of Iran does not support an arbitrary proceeding which evidently infringes the fundamental rights of individuals based on their nationality and religion, and which under the pretext of fighting terrorism is arranged with obvious political objectives rather than with a view to discovering the truth and seeking justice and which is based on intentionally misleading reports by third parties;

(b) The Government of Argentina is responsible under international law for extensive violations of diplomatic law, particularly the eavesdropping on communications of the Iranian Embassy in Buenos Aires, and it should hold accountable those individuals involved in those unlawful actions and prevent the continuation of such interferences;

(c) The Government of Argentina is committed under international law to take measures to redress the rights of Iranian citizens accused baselessly, as well as those of many persons who have been arbitrarily arrested, harassed and even tortured and then released without any explanation. The Islamic Republic of Iran reserves its right to take appropriate legal measures to remedy the rights of its citizens;

(d) The Government of Argentina is responsible for engaging with terrorist groups, particularly with the notorious MKO, whose terrorist activities have caused the death and injury of thousands of innocent Iranian civilians. It is also responsible for its financial support to this terrorist group and for the payment of bribes to induce fabricated testimonies against Iranian citizens;

(e) The Government of Argentina is responsible for the terrorist attack against the former Iranian chargé d'affaires in Buenos Aires in 1995, which was carried out by a terrorist group in Argentina. The Argentine authorities have a long

overdue responsibility to identify the perpetrators, as well as those who masterminded this act, and bring them to justice;

(f) All States, including the Islamic Republic of Iran, by virtue of law, have an obligation to protect their citizens against any violation of their fundamental rights, regardless of their political or religious opinions or any other consideration;

(g) We request the Government of Argentina to desist from repeating the irrelevant hypothesis and clichés invented by a corrupt administration in the 1990s to cover up the real perpetrators and, instead, take effective measures and carry out meaningful investigations to discover the truth and to prevent the continued violation of the fundamental rights of those Iranian citizens and the discrimination against the Muslim community, which continues to be isolated and discriminated against in Argentina under the pretext of combating terrorism;

(h) There is no binding instrument on judicial cooperation between the Government of the Islamic Republic of Iran and the Government of the Republic of Argentina to provide for any judicial action in this regard. Moreover, the Government of Argentina has consistently refused to negotiate on a legal framework for cooperation on judicial matters and has insisted on imposing its unilateral schemes;

(i) The criminal investigation of the case is entirely faulty and lacks all the essential attributes of a judicial determination, and the principle of due process of law has not been duly observed. The Argentine authorities have failed to submit any evidence whatsoever indicating the involvement of any Iranian national in this crime for the consideration of the Iranian Government from whom they are seeking judicial cooperation. We recommend that the Argentine authorities review their own domestic laws and regulations concerning judicial cooperation and extradition, in particular the Argentine law on judicial cooperation of 1996;

(j) Given that, and in the absence a legal agreement on judicial cooperation between the two countries and while the Argentine authorities remain unwilling either to negotiate on such an instrument or at least provide any evidence to substantiate their accusations against Iranian citizens, any request for judicial cooperation is untenable;

(k) The Government of the Islamic Republic of Iran would like to reiterate once again that, despite all the issues mentioned above, it is interested in maintaining and enhancing its historical relations with the Republic of Argentina and stands ready to hold a constructive dialogue with the Argentine Government in a spirit of mutual respect in order to develop a clear understanding of each other's positions, and seeks to find viable solutions for the misunderstandings arising from this case.

United Nations A/65/496

General Assembly

Distr.: General
14 October 2010

Original: English

Sixty-fifth session
Agenda item 162
Follow-up to the high-level meeting held on 24 September 2010: revitalizing the work of the Conference on Disarmament and taking forward multilateral disarmament negotiations

Letter dated 5 October 2010 from the Secretary-General addressed to the President of the General Assembly

At the end of the high-level meeting on revitalizing the work of the Conference on Disarmament and taking forward multilateral disarmament negotiations, held in New York on 24 September 2010, I circulated a summary of the discussion which reflected my understanding, as convener and Chair of the high-level meeting, of the views expressed. I also indicated that I would present the Chair's summary to the President of the General Assembly. As I noted in my concluding remarks, I was heartened by the resolve of Member States to revitalize the work of the Conference on Disarmament and take forward the multilateral disarmament agenda.

During the meeting, it was proposed that the General Assembly include in the agenda of its sixty-fifth session an item entitled "Follow-up to the high-level meeting held on 24 September 2010: revitalizing the work of the Conference on Disarmament and taking forward multilateral disarmament negotiations" and discuss it in plenary and in the First Committee. Consequently, on 4 October 2010, I wrote to the President of the General Assembly to request that the item be included in the agenda of the current session of the Assembly (see A/65/231). This demonstrates the determination of Member States to ensure that the high-level meeting marks both a continuation of the series of successful meetings over the past year and an important step towards the revitalization of the work of the multilateral disarmament machinery, and in particular of the Conference on Disarmament.

I am pleased to transmit to you the Chair's summary of the high-level meeting (see annex) and should be grateful if you would bring it to the attention of the members of the General Assembly, under the aforementioned agenda item. The document could provide a basis for the consideration of this item in the First Committee and in plenary, as required.

I am grateful for your continued personal support to this crucial issue.

(*Signed*) **BAN** Ki-moon

10-57057 (E) 151010

Please recycle

Annex to the letter dated 5 October 2010 from the Secretary-General addressed to the President of the General Assembly

High-level meeting on revitalizing the work of the Conference on Disarmament and taking forward multilateral disarmament negotiations

Chair's summary

The high-level meeting was held on 24 September 2010 from 8 a.m. to 1 p.m. A total of 68 delegates spoke, including 37 Ministers for Foreign Affairs and representatives of three specialized organizations. The Secretary-General opened the meeting and invited the President of the General Assembly, Mr. Joseph Deiss, and the Minister of External Relations of Cameroon, Mr. Henri Eyebe Ayissi, representing the country holding the current presidency of the Conference on Disarmament, to address the meeting. At the end of the meeting, the Secretary-General, as convener and Chair of the high-level meeting, circulated a summary of the discussion which reflected his understanding of the views expressed.

1. Today's high-level meeting focused on the promotion of multilateral disarmament in general and the work of the Conference on Disarmament in particular, with a view to providing high-level political impetus to the work of the Conference. The Secretary-General's initiative in convening this meeting was widely welcomed. In this connection, many Member States commended the Secretary-General's active engagement in advancing nuclear disarmament and non-proliferation and in particular his five-point proposal. At the outset, the Secretary-General urged Member States to focus on identifying ways to revitalize the work of the Conference on Disarmament as well as further moving forward disarmament negotiations.

2. Participants stressed the importance of disarmament with regard to the strengthening of global security and the promotion of international stability. Throughout the discussions, many States reaffirmed that multilateralism was the core principle in negotiations in the area of disarmament and non-proliferation. It was also stressed that multilaterally agreed solutions, in accordance with the Charter of the United Nations provide the only sustainable method of addressing disarmament and international security issues. Several Member States noted that promoting disarmament could also help to address other critical challenges facing the international community, including meeting the Millennium Development Goals.

3. Participants recognized and welcomed the momentum generated by renewed efforts to achieve a world free of nuclear weapons. In this respect, it was reiterated that the only guarantee of avoiding the use or threat of use of nuclear weapons was their elimination.

4. It was recognized that the political will to advance disarmament and non-proliferation had been strengthened in recent years. Statements by world leaders and former high-level statesmen of many countries, as well as voices from civil society, have underscored the urgent need for decisive action in this area. The Security Council summit held in September 2009, the Nuclear Security Summit held in Washington, D.C., in April 2010 and initiatives at both the multilateral and bilateral levels — including the signing of the Treaty between the United States of America and the Russian Federation on Measures for the Further Reduction and

Limitation of Strategic Offensive Arms (New START Treaty) in April 2010 — were noted as encouraging developments. A number of Member States lauded the agreement reached at the 2010 Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons, which contributed to restoring faith in the international non-proliferation regime.

5. Many Member States stressed that, in spite of recent positive developments, greater effort should be made to advance international peace and security, in particular in moving forward multilateral disarmament negotiations. In this regard, they expressed concern about the current status of the multilateral disarmament machinery.

6. Some Member States pointed out that the disarmament machinery dated back to 1978 and expressed support for the need for a comprehensive assessment, with a view to establishing a more effective functioning of multilateralism. In this connection, some States called for a review of the working methods of the existing multilateral disarmament bodies, in particular of the Conference on Disarmament and the United Nations Disarmament Commission, including their procedures and operational principles. A number of States, however, stressed the importance of preserving the nature, role and purpose of each part of the United Nations disarmament machinery.

7. Many Member States expressed support for the convening of the fourth special session of the General Assembly devoted to disarmament to revitalize the work of the Conference on Disarmament and to review the larger architecture of the disarmament machinery. Others noted the absence of consensus on this proposal and explained that the current impasse in multilateral disarmament diplomacy was due to the lack of political will and divergent views on priorities, rather than to the mechanisms of the disarmament machinery. It was also noted that a decision on the fourth special session was the prerogative of the General Assembly.

8. A number of Member States emphasized that disarmament and non-proliferation were mutually reinforcing and that as such, both aspects should be dealt with in tandem. Some expressed the concern that too much emphasis had been placed on issues related to nuclear weapons and other weapons of mass destruction. In this regard, it was stressed that the international community should not lose sight of the issue of conventional weapons, including small arms and light weapons. Some States emphasized the importance of promoting human security and the international humanitarian law dimension of disarmament.

9. A number of Member States presented their views on the work of the Conference on Disarmament, which has been paralysed for more than a decade, thereby undermining its effectiveness in addressing pressing security challenges. In this context, the necessity of addressing procedural matters by consensus was called into question. Some Member States proposed a review of the working methods of the Conference.

10. A number of Member States expressed their continued support and expectations for the Conference on Disarmament and its critical role as the single multilateral disarmament negotiating body. However, they deplored the failure by the Conference to implement its agreed 2009 programme of work. A number of Members voiced concern that the continued stalemate in the Conference would further damage its credibility. Many stressed the urgent need for the Conference to

fulfil its mandate, as set forth by the first special session of the General Assembly devoted to disarmament, held in 1978. A number of States expressed the view that the Conference on Disarmament should be open to the participation of all States and relevant stakeholders. In this regard, calls were made for the appointment of a special coordinator on the expansion of the membership of the Conference.

11. Several Members expressed concern that, should the current stalemate continue, the relevance of the Conference on Disarmament would be called into question and Member States could resort to an alternate multilateral process. It was also noted that important conventions, such as the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction and the Convention on Cluster Munitions were negotiated outside the Conference. Others underscored the need to prevent such a parallel process, as this would undermine the Conference.

12. A large number of Member States strongly urged the Conference on Disarmament to adopt a programme of work early in its 2011 session on the basis of the 2009 programme of work and subsequent proposals submitted during the 2010 session. Many noted that the 2009 programme of work (CD/1864) was the best way forward: starting negotiations on a treaty banning the production of fissile material for nuclear weapons and other nuclear explosive devices, beginning substantive work on nuclear disarmament, negative security assurances and preventing an arms race in outer space. However, some Members maintained that the Conference should treat all issues on its agenda in an equal and balanced manner. Several States called for a deadline for the Conference to start substantive work. It was suggested that such a deadline be included in a programme of work of the Conference or in a resolution of the General Assembly.

13. The majority of speakers underscored the urgent necessity of negotiating and bringing to a conclusion a non-discriminatory, multilateral and internationally and effectively verifiable treaty banning the production of fissile material for nuclear weapons or other nuclear explosive devices. Pending the conclusion of such a treaty, calls were made for moratoriums to be declared and upheld on the production of fissile material for nuclear weapons or other nuclear explosive devices. The nuclear-weapon States all expressed support for starting negotiations on such a treaty. Many expressed the hope that such negotiations would take place in the Conference on Disarmament. But in the absence of such a prospect, many suggested that alternative arrangements should be explored. Some voiced concern that exploring such a separate mechanism would undermine the Conference.

14. A number of Member States also expressed support for other important agenda items. They urged the Conference on Disarmament to establish an ad hoc committee on nuclear disarmament and start negotiations on a phased programme for the complete elimination of nuclear weapons within a specified time frame, including a nuclear weapons convention. Nuclear-weapon States, on their part, reaffirmed their commitment to nuclear disarmament, in particular their determination to implement the follow-on actions of the 2010 Review Conference of the Parties to the Treaty on the Non-Proliferation of nuclear weapons. Towards this end, the nuclear-weapon States announced their intention to convene a meeting in Paris in 2011.

15. Pending the achievement of the total elimination of nuclear weapons, some Member States called for negotiation of an instrument to assure non-nuclear-weapon States against the use or threat of use of nuclear weapons. A number of Member

States expressed concern that the legal framework governing the use of outer space needed to be strengthened so as to prevent an arms race in outer space. A number of Member States called on the Conference on Disarmament to commence substantive work on these issues.

16. In discussing the need for a fresh review of the existing multilateral disarmament bodies, divergent views were expressed on the validity of the working methods of the Conference on Disarmament. Some Member States held that its rules of procedure had contributed to the current paralysis of the Conference. It was noted that the consensus rule might have been appropriate for the cold war era, but that it was no longer suited to today's multipolar world. Others maintained that its rules of procedure had served the Conference well and advocated continued adherence to the consensus rule. Some Member States highlighted the vital role of political will in overcoming the current deadlock.

17. The participation of three United Nations-related organizations — the International Atomic Energy Agency (IAEA), the Organization for the Prohibition of Chemical Weapons (OPCW) and the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization — was recognized. A number of States took note of the joint ministerial statement issued by the Fifth Biennial Ministerial Meeting in Support of the Comprehensive Nuclear-Test-Ban Treaty. Several calls were made to bring into force the Comprehensive Nuclear-Test-Ban Treaty without further delay. Member States affirmed the goal of establishing a zone in the Middle East free of nuclear weapons. In this connection, some Member States welcomed the follow-on actions agreed to at the 2010 Review Conference and highlighted the support provided by the relevant international organizations, including IAEA and OPCW.

18. As a result of and encouraged by today's meeting, many Member States indicated that substantive follow-up actions were required to ensure that today's session marked both a continuation of the series of successful meetings over the past year, as mentioned above, and the beginning of the revitalization of the work of the multilateral disarmament machinery, in particular the Conference on Disarmament. In this regard, some States emphasized that any follow-up needed to be an inclusive process, driven by Member States, and should strengthen the role and work of the Conference and efforts aimed at achieving nuclear disarmament.

19. In this regard, the Secretary-General suggested the following actions based on today's deliberations:

(a) Taking into account the overwhelming call for greater flexibility to commence substantive work of the Conference on Disarmament without further delay, and noting that the programme of work adopted by consensus in 2009 is the most common denominator, it is strongly suggested that at its first plenary meeting in 2011, the Conference on Disarmament adopt the 2009 programme of work or any other similar subsequent proposal submitted during the 2010 session;

(b) It is proposed that the General Assembly include in the agenda of its sixty-fifth session an item entitled "Follow-up to the high-level meeting held on 24 September 2010: revitalizing the work of the Conference on Disarmament and taking forward multilateral disarmament negotiations", to be considered both directly in the plenary and in the First Committee;

(c) The Secretary-General will ask his Advisory Board on Disarmament Matters to undertake a thorough review of the issues raised here today, including, inter alia, the possible establishment of a high-level panel of eminent persons with a special focus on the functioning of the Conference on Disarmament. Based on its recommendations, the Secretary-General would consider further action in this regard;

(d) Given that the 2010 Review Conference of the Parties to the Treaty on the Non-Proliferation of nuclear weapons invited the Secretary-General to convene the high-level meeting, the Secretary-General intends to submit his report on the meeting and its follow-up to the first session of the Preparatory Committee for the 2015 Review Conference, which will be held in 2012. The report will summarize the meeting's outcome and the Secretary-General's observations, taking into account any developments in the Conference on Disarmament, along with his suggestions as necessary.

20. The participation of the President of the General Assembly, Mr. Joseph Deiss, and the Minister of External Relations of Cameroon, Mr. Henri Eyebe Ayissi, in his capacity as representative of the country holding the current presidency of the Conference on Disarmament, as well as that of the Director-General of the United Nations at Geneva, was gratefully acknowledged. It was noted that the President of the General Assembly had pledged to lend his personal support to this crucial issue, including his intention to follow up on the outcome of today's meeting.

United Nations A/65/497

General Assembly

Distr.: General
7 October 2010

Original: English

Sixty-fifth session
Agenda item 105
Crime prevention and criminal justice

Letter dated 1 October 2010 from the Chargé d'affaires a.i. of the Permanent Mission of Belarus to the United Nations addressed to the President of the General Assembly

I have the honour to transmit herewith, on behalf of the 20 United Nations Member States that constitute the Group of Friends United against Human Trafficking (Bahrain, Belarus, Bangladesh, Bolivia (Plurinational State of), Ecuador, Egypt, India, Kazakhstan, Kyrgyzstan, the Libyan Arab Jamahiriya, Nicaragua, Nigeria, the Philippines, Qatar, the Russian Federation, Tajikistan, Turkmenistan, the United Arab Emirates, Uzbekistan, and Venezuela (Bolivarian Republic of)), the Declaration on the Global Efforts to Combat Trafficking in Persons, which was adopted at the ministerial meeting of the Group of Friends United against Human Trafficking, convened on 22 September 2010 on the margins of the sixty-fifth session of the General Assembly (see annex).

It would be appreciated if you would have the present letter and its annex circulated as a document of the General Assembly, under agenda item 105.

(*Signed*) Zoya **Kolontai**
Chargé d'affaires a.i.

10-57108 (E) 081010

Please recycle

Annex to the letter dated 1 October 2010 from the Chargé d'affaires a.i. of the Permanent Mission of Belarus to the United Nations addressed to the President of the General Assembly

First Ministerial Meeting of the Group of Friends United against Human Trafficking

Declaration on the Global Efforts to Combat Trafficking in Persons

We, the Members of the Group of Friends United against Human Trafficking, the Ministers of Foreign Affairs of the Kingdom of Bahrain, the People's Republic of Bangladesh, the Republic of Belarus, the Plurinational State of Bolivia, the Republic of Ecuador, the Arab Republic of Egypt, the Republic of India, the Republic of Kazakhstan, the Kyrgyz Republic, the Socialist People's Libyan Arab Jamahiriya, Nicaragua, the Federal Republic of Nigeria, the Republic of the Philippines, the State of Qatar, the Russian Federation, the Republic of Tajikistan, Turkmenistan, the United Arab Emirates, the Republic of Uzbekistan and the Bolivarian Republic of Venezuela, having met on 22 September 2010 on the margins of the sixty-fifth session of the United Nations General Assembly, in New York,

1. *Recognize* that trafficking in persons is among the largest and most inhuman illicit activities, remaining one of the greatest challenges that need a collective, concerted and comprehensive international response;

2. *Reiterate* our strong condemnation of trafficking in persons, especially women and children, as it poses a serious threat to human dignity, human rights and development;

3. *Stress* the importance of discouraging the demand for, with a view to successfully preventing and combating, trafficking in persons;

4. *Underline* the need to address the social, economic, cultural, political and other factors, such as poverty, unemployment, illiteracy, armed conflict, natural disasters, sexual violence, gender inequality, social exclusion, harmful practices and marginalization, that render people vulnerable to trafficking;

5. *Emphasize* the primary role of comprehensive national policies and legislation and their effective implementation in combating trafficking in persons;

6. *Stress* the importance of a human-rights-based approach to combating trafficking in persons which emphasizes the rights of victims;

7. *Welcome* the adoption of the United Nations Global Plan of Action to Combat Trafficking in Persons at the sixty-fourth session of the General Assembly of the United Nations, and *underline* the importance of its full implementation;

8. *Recognize* that the United Nations Global Plan of Action to Combat Trafficking in Persons will promote and facilitate in an effective manner the implementation of relevant international anti-trafficking instruments, including the United Nations Convention against Transnational Organized Crime and the Protocol

to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the Convention;

9. *Express* the political will to promote the implementation of the United Nations Global Plan of Action to Combat Trafficking in Persons, including through the activities of the Group of Friends United against Human Trafficking;

10. *Encourage* Member States, international organizations, civil society, the private sector, the mass media and other relevant stakeholders involved in combating trafficking in persons, to work for further cooperation in achieving common goals in combating trafficking in persons;

11. *Recognize* the important role of United Nations agencies and other relevant international organizations and stakeholders in assisting Member States, at their request, to support national efforts to combat trafficking in persons, including through capacity-building and training;

12. *Express support* for the activities of the United Nations Office on Drugs and Crime in coordinating the work of the Inter-Agency Coordination Group against Trafficking in Persons (ICAT) and the United Nations Global Initiative to Fight Human Trafficking (UN.GIFT) as important tools to foster coordination and cooperation among relevant United Nations agencies and other international organizations involved in combating trafficking in persons;

13. *Commend* ongoing relevant national, subregional, regional and cross-regional initiatives on fighting trafficking in persons;

14. *Decide* to convene a ministerial meeting of the Group of Friends United against Human Trafficking on the margins of the sixty-sixth session of the United Nations General Assembly.

United Nations A/65/498

General Assembly

Distr.: General
8 October 2010

Original: English

Sixty-fifth session
Agenda item 127
Financial reports and audited financial statements, and reports of the Board of Auditors

Financial reports and audited financial statements and reports of the Board of Auditors for the period ended 31 December 2009

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. In accordance with regulation 7.12 of the Financial Regulations and Rules of the United Nations (ST/SGB/2003/7), the Advisory Committee on Administrative and Budgetary Questions received copies, some in advance form, of the financial reports, audited financial statements and reports of the Board of Auditors to the General Assembly for 16 entities of the United Nations system for the biennium ended 31 December 2009. The Advisory Committee also received the Board's reports for the voluntary funds administered by the United Nations High Commissioner for Refugees and for the capital master plan for the year ended 31 December 2009. In addition, the Committee had before it an advance version of the concise summary of the principal findings and conclusions contained in the reports submitted by the Board of Auditors to the General Assembly at its sixty-fifth session (A/65/169), as well as the report of the Secretary-General on the implementation of the recommendations of the Board of Auditors on the accounts of the United Nations, the United Nations funds and programmes and the international tribunals for Rwanda and the Former Yugoslavia for the financial period ended 31 December 2009 (A/65/296 and Add.1). The report of the Board of Auditors for the accounts of the United Nations peacekeeping operations for the financial period from 1 July 2008 to 30 June 2009 (A/65/5 (Vol. II), chap. II) will be considered by the Advisory Committee early in 2011. A list of the audit reports appears in the table below.

2. During its consideration of the reports, the Advisory Committee met with the members of the Audit Operations Committee of the Board of Auditors, who provided additional information and clarification. The Advisory Committee also met with representatives of the Secretary-General to discuss the status of implementation

10-57340 (E) 121010

Please recycle

of recommendations of the Board and with representatives of the United Nations Population Fund (UNFPA) to discuss the status of remedial action plans and to address the underlying factors of the qualified audit opinion.

3. The Board issued unmodified opinions for nine entities (the United Nations, the International Trade Centre UNCTAD/WTO, the United Nations University (UNU), the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF), the United Nations Institute for Training and Research (UNITAR), the United Nations Office on Drugs and Crime, the International Tribunal for the Former Yugoslavia, and the United Nations Office for Project Services (UNOPS)). For seven other entities, the Board issued modified audit reports with various emphases of matter. These entities are: the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Environment Programme (UNEP), the United Nations Human Settlements Programme (UN-Habitat), the International Criminal Tribunal for Rwanda and the United Nations Joint Staff Pension Fund. One entity, UNFPA, received a qualified audit opinion (see paras. 38-40 below).

4. The reports of the Board of Auditors include replies of the aforementioned entities to the recommendations and observations of the Board of Auditors, as well as additional information on measures taken to implement the recommendations. The entities have generally concurred with the Board's recommendations and have proceeded, as and where appropriate, to implement them. In instances where they do not agree with the recommendations or contend that they are unable to begin implementation, they have provided an explanation.

5. Upon request, the Board of Auditors provided the Advisory Committee with the following table showing the opinions issued by the Board on the financial statements of each entity as well as the number of recommendations that were either accepted or not accepted by each:

		Recommendations		
Organization audited	*Type of opinion issued on the financial statements*	*Accepted*	*Not accepted*	*Total*
1. United Nations (A/65/5 (Vol. I))	Unmodified	68	4	72
2. International Trade Centre UNCTAD/WTO (A/65/5 (Vol. III))	Unmodified	7	2	9
3. United Nations University (A/65/5 (Vol. IV))	Unmodified	15	1	16
4. United Nations Development Programme (A/65/5/Add.1)	Unmodified	89	—	89
5. United Nations Children's Fund (A/65/5/Add.2)	Unmodified	47	3	50
6. United Nations Relief and Works Agency for Palestine Refugees in the Near East (A/65/5/Add.3)	Modified with emphasis of matter	60	1	61
7. United Nations Institute for Training and Research (A/65/5/Add.4)	Unmodified	5	—	5
8. Office of the United Nations High Commissioner for Refugees (A/65/5/Add.5)	Modified with emphasis of matter	24	—	24
9. United Nations Environment Programme (A/65/5/Add.6)	Modified with emphasis of matter	27	—	27

Organization audited	*Type of opinion issued on the financial statements*	*Recommendations*		
		Accepted	*Not accepted*	*Total*
10. United Nations Population Fund (A/65/5/Add.7)	Modified with qualification and emphasis of matter	93	—	93
11. United Nations Human Settlements Programme (A/65/5/Add.8)	Modified with emphasis of matter	16	—	16
12. United Nations Office on Drugs and Crime (A/65/5/Add.9)	Unmodified	12	3	15
13. United Nations Office for Project Services (A/65/5/Add.10)	Unmodified	59	—	59
14. International Criminal Tribunal for Rwanda (A/65/5/Add.11)	Modified with emphasis of matter	20	—	20
15. International Tribunal for the Former Yugoslavia (A/65/5/Add.12)	Unmodified	11	—	11
16. United Nations Joint Staff Pension Fund (A/65/9)	Modified with emphasis of matter[a]	41	—	41
17. Capital master plan (A/65/5 (Vol. V))	Not applicable[b]	20	—	20

[a] The audit report on the accounts of the Joint Staff Pension Fund are included in the report of the United Nations Joint Staff Pension Board.

[b] The financial statements were consolidated in those of the United Nations (A/65/5 (Vol. I)).

6. The comments and recommendations of the Advisory Committee on the report of the Board of Auditors on the United Nations Joint Staff Pension Fund for the biennium ended 31 December 2009 (A/65/9, annex IX) will be submitted separately. Similarly, the Committee will comment on the audit reports on the International Criminal Tribunal for Rwanda (A/65/5/Add.11, chap. II) and the International Tribunal for the Former Yugoslavia (A/65/5/Add.12, chap. II) in the context of its consideration of the financing of the tribunals. Concerning the capital master plan (A/65/5 (Vol. V)), the Committee will comment in the context of the eighth progress report of the Secretary-General on the capital master plan. Furthermore, many of the issues covered by the Board with respect to the United Nations are relevant to reports that the Advisory Committee is taking up during its current session. The Committee will comment further and draw upon the Board's observations on such matters in the context of its consideration of those reports.

7. Prior to its hearings with the Board of Auditors, the Advisory Committee met with the representatives of UNHCR in the context of the review of its revised biennial programme budget 2010-2011. The Committee's report to the UNHCR Executive Committee (A/AC.96/1087/Add.1) contained a number of comments relating to the report of the Board. The Advisory Committee intends to revisit, as necessary, the observations and recommendations of the Board of Auditors during the Committee's review of the biennial budgets of other United Nations entities for the next fiscal period.

II. General observations and recommendations

8. **The Advisory Committee commends the Board of Auditors for the continued high quality of its reports, which prioritize observations and recommendations and are well structured and reader-friendly. The Committee particularly appreciates the concise summary of principal findings and conclusions (A/65/169), which it considers a useful vehicle for highlighting issues that are of concern across the United Nations and its entities. The Committee also welcomes the approach taken by the Board of using a consistent format in the preparation of its reports, which enables a direct comparison of the issues addressed.** As the United Nations and its entities embark on new reform initiatives, including the implementation of the new accounting standards (International Public Sector Accounting Standards (IPSAS)), the collating of findings on existing and emerging cross-cutting issues will take on an increasingly prominent role, rendering the document of particular interest to Member States as they consider the progress of reform implementation. Consequently, the Advisory Committee would welcome the inclusion in the concise summary in future of paragraph references to facilitate cross-referencing.

9. The Advisory Committee was informed that the Board had used approximately 2,200 auditor-weeks during the audit cycle for the biennium 2008-2009, excluding the Board's peacekeeping audits. During the audit period, the Board issued 157 management letters to organizations on matters of programme and financial management. Some of the significant comments contained in those management letters are reflected in the Board's reports to the General Assembly.

10. The Board has included in its reports an annex showing the status of implementation of the Board's recommendations as at 31 December 2007. Upon request, the Advisory Committee was provided by the Board of Auditors with the following table showing the total number of recommendations and the status of implementation since the biennium 2000-2001:

Status of implementation of recommendations

Period	*Number of recommendations*	*Fully implemented*	*Percentage*	*Partially implemented*	*Percentage*	*Not implemented*[a]	*Percentage*
2000-2001	378	172	45.5	178	47.1	28	7.4
2002-2003	509	235	46.2	230	45.2	44	8.6
2004-2005	651	342	52.5	276	42.4	33	5.1
2006-2007	507	238	46.9	237	46.7	32	6.3
2008-2009[b]	543	102	18.8	419	77.2	22	4.1

[a] Includes recommendations that were not implemented because they were overtaken by events.

[b] Data obtained from A/65/296 and A/65/296/Add.1; does not include information on the United Nations Joint Staff Pension Fund, UNHCR or the capital master plan. The reports relating to UNHCR and the capital master plan are submitted on an annual basis.

11. The Board continued its coordination and collaboration with the internal audit services of the United Nations funds and programmes and with the Office of Internal Oversight Services (OIOS) and, when appropriate, utilized the working papers of recent internal audits as a basis for its own audit reviews. The Board noted

that the high vacancy rates in OIOS had an impact on the ability of the Office to fulfil its audit plans (see paras. 34 and 35 below). **The Advisory Committee continues to appreciate the coordination and collaboration of the Board of Auditors with other oversight bodies, including the Office of Internal Oversight Services and internal audit services of the United Nations funds and programmes, as well as the Joint Inspection Unit. The Committee believes that this approach facilitates complementarity of the oversight functions of the United Nations and its entities.**

12. The Advisory Committee was informed by the Board of Auditors that the narratives of its audit reports, regardless of the audit opinion given, provide an indication of the range of risks that the United Nations and its entities will be facing over the coming bienniums. Consequently, and as all entities will utilize a uniform accounting framework under IPSAS, the Board cautioned that any related risks would have to be monitored and addressed on an ongoing basis. **The Advisory Committee concurs with the observations of the Board of Auditors.**

13. The Advisory Committee notes that under IPSAS, the United Nations and its entities will produce financial reports on an annual, instead of a biennial, basis, which will have an impact on the resource requirements of the Board of Auditors, which will be required henceforth to produce its financial audits on an annual basis. **The Advisory Committee believes that the reporting modalities required by Member States under IPSAS, as well as the Board of Auditors' role and resources in this connection, require consideration in advance of the planned implementation of IPSAS in 2014 and therefore recommends that the General Assembly keep this matter under review.**

14. The Advisory Committee is concerned that the Board's continued observations and recommendations on a number of cross-cutting issues remain unresolved. The Committee continues to draw attention to the importance of the implementation of the provisions of paragraphs 10 and 11 of General Assembly resolution 62/223 A, by which the Assembly reiterated its requests to the Secretary-General to provide in his reports a full explanation for delays in the implementation of the recommendations of the Board of Auditors on the accounts of the United Nations as well as on the financial statements of its funds and programmes (see A/63/474, para. 11). **The Advisory Committee is deeply concerned about the recurrence of certain problems, which indicates insufficient managerial action to address them. The recurrence of such problems indicates an exposure to financial risk and insufficient accountability.**

15. The Advisory Committee is also concerned that the continual delays in IPSAS implementation may indicate that the project is more complex and complicated than had been anticipated by the Secretary-General. Moreover, if not addressed in a timely manner, the problems observed by the Board of Auditors may require remedial action in future.

III. United Nations

16. The main recommendations of the Board on the accounts of the United Nations for the financial period ended 31 December 2009 are summarized in its report (A/65/5 (Vol. I), chap. II, summary). The Board issued an unqualified opinion with regard to the financial statements of the United Nations. In the paragraphs below,

the Advisory Committee highlights a number of key issues that the Board raised concerning the United Nations. Many of the observations and recommendations of the Committee in this section, in particular those on IPSAS, after-service health insurance and non-expendable property, also apply to the other organizational entities covered by the Board's audits. Observations and recommendations relating solely to the other organizational entities are set out in section IV below.

Implementation of the International Public Sector Accounting Standards

17. The Advisory Committee intends to comment further on the implementation of IPSAS in the context of its consideration of the Secretary-General's third progress report on the adoption of the International Public Sector Accounting Standards by the United Nations (A/65/308). The Committee therefore provides only general comments on the subject matter in the paragraphs below.

18. In accordance with General Assembly resolution 61/233 A and in response to the comments of the Advisory Committee (see A/61/350), the Board of Auditors carried out a gap analysis on the state of readiness of entities as reflected in their IPSAS plans, as well as new or upgraded enterprise resource planning systems. For the biennium 2008-2009, the Board noted that all of the entities had delayed their implementation of IPSAS from January 2010 to January 2012, with the United Nations and its entities further delaying implementation to January 2014 (A/65/169, para. 37). According to the Secretary-General, reasons for the delay include, inter alia, the need to align IPSAS timetables with related enterprise resource planning system timetables; and problems in recruiting and retaining project staff with the required skills and expertise. Notwithstanding the above, the Board noted in its report that there was a generally high sense of IPSAS awareness and growing preparation in the finance units. In this connection, the Advisory Committee recalls its comments that the United Nations entities were at different stages of preparation for IPSAS (A/63/474, para. 20) and that a number of challenges remained. The United Nations entities should make every effort to address their identified challenges in a timely manner.

19. The Board of Auditors cautioned that the implementation of new accounting and information technology systems, that is, IPSAS and the enterprise resource planning system, will not in and of itself fix the management challenges that the United Nations and its entities face. The preparation and implementation of these projects will lead to new exposure to risk and give rise to new challenges (see para. 12 above). **The Advisory Committee urges the Secretary-General to address issues associated with the transition from United Nations system accounting standards to IPSAS that could have a negative impact on United Nations accounts and to ensure that such issues are promptly addressed by management rather than highlighted post facto in the course of routine audit reviews. Given the importance of these issues, the Committee recommends that the Board of Auditors report to the General Assembly on an annual basis on progress in implementation of IPSAS.**

20. The Board of Auditors noted that that there was a certain amount of flexibility in the interpretation of how IPSAS accounting standards should be applied. During its meeting with the Advisory Committee, the Administration indicated that it was therefore in need of occasional guidance on the interpretation of IPSAS standards to ensure a consistent approach across the United Nations system. The Administration

was looking to the Board of Auditors to provide such advice when necessary. The Committee points out that such advice would serve as a preventive auditing measure in ensuring United Nations-wide consistency and avoiding possible costly problems later, especially in view of the new risks and challenges that may arise, as noted above. **Therefore, the Advisory Committee encourages the Board of Auditors to provide, when requested, advice and guidance on matters relating to the interpretation of IPSAS standards.**

21. Upon request, the Administration provided the anticipated timeline of IPSAS milestones (see annex). **The Advisory Committee notes that this timeline focuses on accounting and information technology milestones primarily at Headquarters. Given that successful implementation will require action throughout the Organization, for example to ensure IPSAS-compliant reporting on non-expendable and expendable property in the field, leadership by senior management is also necessary on these related tasks. Slippage in any area may have an impact on timely implementation. The Committee intends to address this matter when it considers the Secretary-General's third progress report on the adoption of the International Public Sector Accounting Standards by the United Nations (A/65/308).**

After-service health insurance and end-of-service liabilities

22. In accordance with General Assembly resolutions 60/255 and 61/262, the Administration was tasked with changing the presentation of end-of-service and post-retirement liabilities from disclosure in the notes to the financial statements to accounting and presentation on the face of the financial statements. The Board reported that all organizations had, to varying degrees, provided or disclosed their liabilities in this respect. However, United Nations organizations had continued to make book entries, to varying degrees, in relation to those liabilities. As at 31 December 2009, the aggregate amount for the United Nations and its entities of those liabilities was estimated at $3.9 billion (excluding peacekeeping). This represented a decrease compared with the amount as at 31 December 2007, mainly as a result of changes to accounting policies and estimation methods used by organizations.

23. In response to the request in resolution 64/241 that the Secretary-General continue to validate the accrued liabilities for after-service health insurance, with figures audited by the Board, the Board also reviewed the actuarial valuation of the accrued liabilities for after-service health insurance. With regard to annual leave liabilities, the Board noted that most organizations had changed their accounting policy and calculated the annual leave liability on the basis of an actuarial valuation performance by an external consultant. The Board concluded that the method used had not been compliant with IPSAS and proposed that organizations consider revising their policy for valuation of leave liabilities during their implementation of IPSAS.

24. The Board noted that most organizations had still not made a decision regarding the funding of their future liabilities. In addition, in some organizations, the recording of liabilities had led to negative reserves and fund balances, and the Board was concerned that there was a possibility that the organizations might not be in a financial position to fully meet their liabilities in this area when those liabilities became due. The Advisory Committee recognizes that this is an issue that will be addressed in the context of the report of the Secretary-General on managing after-

service health insurance liabilities which was requested by the General Assembly in its resolution 64/241, for submission at its sixty-seventh session.

Results-based budgeting

25. The Advisory Committee recalls that it recommended that the Board continue to place an emphasis on the review of results-based budgeting and results-based management (see A/63/474, para. 39). In the context of the programme budget for the biennium 2008-2009, the Board of Auditors reviewed the central management of results-based budgeting from United Nations Headquarters and its implementation across the Secretariat. The Board also took into consideration previous reviews on results-based budgeting and results-based management, in particular by the Office of Internal Oversight Services (see A/57/474, A/60/73 and A/63/268) and by the Joint Inspection Unit (see A/60/709). The Board's findings were largely unchanged from earlier observations and recommendations in previous audit reports in that results-based budgeting continues to be a work in progress and that narratives (i.e., indicators of achievement and objectives) need to be improved at the United Nations. The Board remains concerned that indicators are still not measurable, accurate, relevant and time-bound.

26. The Board concluded that problems persist in four areas across the United Nations: (a) the formulation of objectives sometimes lacked clarity; (b) the link between accomplishments and objectives was sometimes difficult to identify or practically non-existent; (c) indicators of achievement were often flawed; and (d) external factors were stated in terms that were too vague to be effective (see A/65/5 (Vol. I), para. 202). The Board also pointed out that in the preparation of the budget proposal, managers were encouraged to realign resources to best meet delivery of needs, but that the reporting structure and the various authorizations required for any transfer of resources were so onerous and restrictive that managers preferred to retain the same objects of expenditure from year to year (ibid., para. 206). The Board found that the current process was a long way from allowing improvement in the effectiveness and efficiency of the Organization and concluded that the expectations behind the decision to develop results-based budgeting did not appear to have been matched by the process as implemented within the United Nations. The Administration accepted the Board's recommendation to make results-based budgeting more precise and assured the Committee, upon enquiry, that remedial action would be taken in connection with the programme budget proposal for the biennium 2012-2013.

27. **As also noted in paragraph 25 above, the findings on results-based budgeting by the Board of Auditors and other oversight bodies, as well as the comments by the Committee, have had little impact on how the results-based budgeting framework is presented. The Advisory Committee is concerned that the Secretary-General has not been able to implement a comprehensive results-based budgeting framework, in particular in view of the planned move towards results-based management and given that all oversight bodies of the United Nations have repeatedly examined results-based budgeting and provided significant guidance. The Advisory Committee recalls section H, paragraph 23, of General Assembly resolution 64/259, in which the Assembly requested the Secretary-General to take appropriate measures to accelerate the implementation of results-based management, taking into account paragraph 43**

of the report of the Advisory Committee on Administrative and Budgetary Questions (A/64/683 and Corr. 1).

Procurement and contract management

28. The Board of Auditors identified several issues regarding procurement matters in special political missions of modest size. Most of those issues stem from the imprecise legal and procedural framework applicable to the support provided to the special political missions by the Secretariat, in particular the lack of delegation of procurement authority. As a result, those missions did not have proper delegation of procurement authority, but nevertheless engaged in procurement activities. Those missions were provided with limited support from the Secretariat in that regard because of a gap in coordination among the various departments involved. In particular, the Board of Auditors cited an internal audit report by the Office of Internal Oversight Services which concluded that, at the United Nations Office for West Africa, a number of irregularities in procurement had been found, most significantly the lack of delegation of procurement authority. The Board recommended that the Administration ensure that the Department of Political Affairs, together with the Department of Management and the Department of Field Support, agree on a precise and operational division of responsibilities for the administrative backstopping of special political missions, especially regarding procurement. The Administration accepted the recommendation, stating that the responsibilities for backstopping for special political missions, especially regarding procurement, were being discussed (A/65/296, para. 99).

29. Upon enquiry, the Advisory Committee was informed by the Administration that measures were under way to resolve the issues. **The Advisory Committee urges the Secretary-General to provide the General Assembly with information on the measures taken in the context of the Assembly's consideration of the report on estimates in respect of special political missions, good offices and other political initiatives (A/65/328).**

Non-expendable property

30. The Board estimated from the notes to the financial statements of the United Nations and its funds and programmes that the aggregate value of non-expendable property disclosed by entities totalled approximately $1.4 billion as at 31 December 2009 ($1.2 billion as at 31 December 2007). The Board reviewed the existing non-expendable property arrangement at the United Nations and its entities and noted the following examples of deficiencies: (a) the inventory reports included items that could not be located or were obsolete; (b) physical inventory counts were not always performed and items were not accounted for; (c) there were discrepancies between physical and recorded counts; (d) some manual fixed asset registers were prone to error; (e) adjustments were made to fixed asset registers without supporting documents; (f) reconciliation was not always performed between physical inventory and the fixed asset register; and (g) assets were not always properly tagged. The Board noted that many of those deficiencies had been pointed out for several bienniums, in some cases resulting in modified audit reports. The Board stressed the importance of addressing those deficiencies, considering that the custody of assets is an important duty of officials and also that the accounting treatment for assets will be profoundly changed with the implementation of IPSAS.

31. **The Advisory Committee reiterates its concern that improper accounting for non-expendable property has been a recurring theme in external and internal audit reports and continues to believe that the matter needs to be addressed urgently, in particular in the context of the introduction of IPSAS, under which the accounting modality for assets will be changed (see A/63/474, para. 27). The Committee also highlights the fact that similar deficiencies were observed in the auditing of funds and programmes (see para. 49 below). The Committee is concerned that the improper accounting for non-expendable property poses a financial risk, as well as a reputational risk to the Organization. The Committee reiterates its recommendation that the Secretary-General take swift action to address this concern at all management levels, and also develop timelines, with benchmarks, to monitor progress towards better record-keeping.**

Human resources management

32. The Advisory Committee intends to comment on the broader issues of human resources management in the context of its consideration of the Secretary-General's report on an overview of human resources management reform (A/65/305).

33. The Board pointed out that the set of staff competencies currently used at the Secretariat dates back to 1999 but that the Organization had experienced significant changes since then (A/65/5 (Vol. I), paras. 362-366). The Administration agreed with the Board's recommendation that the existing staff competencies be updated (A/65/296, para. 117). Upon enquiry, the Advisory Committee was informed that the Administration had launched a consultation process to reassess the competencies and that it was expected that a first draft would be available in the second quarter of 2011. **The Advisory Committee looks forward to the results of the reassessment of the set of staff competencies.**

Internal audit

34. The Board reiterated its concern with regard to the low completion rate of internal audit assignments, which was below 50 per cent during the biennium 2006-2007. While the Board noted that the rate had increased to 71.9 per cent in 2008 and 72.5 per cent in 2009, it noted that there was still room for improvement. For example, at UNHCR the completion rate for audits in 2008 was 68 per cent (or 13 out of 19 planned audits) and in 2009 69 per cent (33 out of 48 planned audits). At UNEP, of the eight OIOS audits planned for 2008-2009, the completion rate was 25 per cent (two completed audits). The Board reiterated its concern that the high vacancy rate was a significant factor in the low audit completion rate. As at 31 December 2009, of the 273 posts in the Internal Audit Division, 57 (21 per cent) were vacant; vacancy rates were particularly high in the Geneva (31 per cent) and Nairobi (50 per cent) offices.

35. **The Advisory Committee concurs with the observations of the Board of Auditors and urges OIOS to exert further efforts to increase the completion rate of audit plans. The Committee believes that the risks associated with high vacancy rates in OIOS have been systematically highlighted by the Board of Auditors and the Committee.**

Fraud and presumptive fraud

36. In accordance with the Financial Regulations and Rules of the United Nations, the Administration provided the Board of Auditors with a report of cases of fraud and presumptive fraud for the biennium 2008-2009. A total of 21 cases were reported, as compared with 14 during the biennium 2006-2007. The cases of fraud and presumptive fraud were valued at $730,049 for 2008-2009 and at $644,505 for 2006-2007.

IV. Funds and programmes

General observations

37. As noted in paragraph 3 above, the Board of Auditors issued eight unqualified opinions for the United Nations entities (the International Trade Centre, UNCTAD/WTO, UNU, UNDP, UNICEF, UNITAR, the United Nations Office on Drugs and Crime, the International Tribunal for the Former Yugoslavia and the United Nations Office for Project Services), modified audit opinions for six entities (UNRWA, UNHCR, UNEP, UN-Habitat, the International Criminal Tribunal for Rwanda and the United Nations Joint Staff Pension Fund), and one qualification and one emphasis of matter for one entity (UNFPA). **The Advisory Committee welcomes the unqualified audit opinions now achieved by UNOPS and the International Tribunal for the Former Yugoslavia. The Committee welcomes in particular the corrective actions undertaken by UNOPS which have resulted in its first unqualified audit opinion since the biennium 1999-2000.**

38. For UNFPA, the Board of Auditors issued a modified audit report with one qualification on the financial statements for the period under review and one emphasis of matter. The modification relates to the weaknesses in the nationally executed expenditure modality audit process and related results (see para. 46 below). With regard to nationally executed expenditures, the Board found several shortcomings in the audit reports issued by national execution auditors, including the absence of adequate supporting documentation in respect of a significant portion of the expenditures. The emphasis of matter relates to non-compliance with procedures at the UNFPA decentralized country offices visited by the Board. The Board indicated that there was a need for the urgent strengthening of field-based controls, as well as a regional and headquarters review to manage the exposure of UNFPA to risk. The Board further noted that the UNFPA internal audit function had also rated those country offices in over a quarter of their 34 reports as "unsatisfactory", while in half of the reports the offices were rated as "partially satisfactory".

39. The Advisory Committee met with UNFPA to discuss the audit findings and was informed that UNFPA had started to address the key issues raised by the Board. With regard to weak controls and the lack of compliance with UNFPA procedures by decentralized country offices, UNFPA indicated that it had started to address those issues in 2009 and that their full effects would start materializing in 2011, with a revision of the internal control framework and the development of an enterprise risk management framework. With regard to national execution, UNFPA indicated that it was working with Governments and non-governmental organizations to implement programmes and achieve results, but that the nationally executed expenditure modality involved a level of complexity that far exceeds the direct implementability

of UNFPA. UNFPA further noted that the strengthening of the national implementation and execution of programmes had been a major priority for the Fund since 2008.

40. **The Advisory Committee notes that UNFPA has initiated remedial action and trusts that the Board's findings for the biennium 2010-2011 will reflect an improvement in the Fund's overall operations.**

41. For UNRWA, the Board issued an unmodified opinion but expressed concern that the operational conditions that exist in Gaza pose a heightened risk for the proper functioning of certain internal controls. **The Advisory Committee recognizes the operational conditions under which UNRWA operates. The Committee notes, however, that such circumstances necessitate an increased focus on internal control measures, to the extent possible.**

Financial and related matters

42. The Board of Auditors continues to issue findings on the financial records of funds and programmes. For example, bank reconciliations at UNRWA, UNHCR and two UNFPA country offices had not been regularly reconciled and/or reviewed by senior management. The Board also noted that at UNFPA, long-outstanding transactions, some of which dated back to 2008, had not been recorded in the general ledger. Furthermore, the Board continued to identify weaknesses in the management and recording of unliquidated obligations. For example, at UNHCR, unliquidated obligations increased from $120.5 million in 2008 to $145.6 million in 2009, an increase of 20.8 per cent. The Board recommended that UNHCR expedite the clearing of unliquidated obligations against accounts payable. At UNEP, unliquidated obligations increased from $46.2 million to $90.2 million, or 95.4 per cent. The Board also observed some cases in which trust fund balances had no activities to utilize the funds or return them to donors. At UNDP, some trust funds had minimal or no expenditure throughout the biennium, with 104 trust funds showing deficit balances amounting to $15.9 million. At UNFPA, a total of 33 trust funds showed no activity or overexpenditure. The Board recommended that the entities follow up with donors to ensure that funds are properly utilized or returned to donors. **The Advisory Committee concurs with the Board that the above-noted financial matters should be resolved expeditiously as they expose the entities to financial risk and, in the case of trust funds, may have an impact on the entities' reputations, affecting the willingness of donors to provide funds in future.**

43. The Advisory Committee was informed by the Board that, according to the financial statements, the investments of the UNU Endowment Fund are managed by a financial advisory firm and overseen by the Investment Management Division of the United Nations Joint Staff Pension Fund and the Representative of the Secretary-General for Investments of the Pension Fund (see A/65/5 (Vol. IV), chap. V, notes to the financial statements, note 4). The Advisory Committee notes from the UNU statement of income and expenditures that the Endowment Fund reported a net loss in the amount of approximately $46 million on the sale of securities and that the University transferred approximately $33 million from the Endowment Fund to its operating funds.

44. With regard to the interpretation of the United Nations Financial Regulations and Rules under the United Nations system accounting standards, the Board noted

inconsistencies in the application of accounting methods and observed that financial statements and tables differed among the entities, even though those standards prescribe the layout and format. The Advisory Committee was further informed that the Board was concerned that, since the criteria used differ, those inconsistencies made it difficult to directly compare the financial statements of United Nations entities. The Board highlighted those inconsistencies: (a) the layout of financial statements is not uniform; (b) accounting policies differ, for example, in how funds advanced to implementing partners are treated, including at UNFPA and UNDP, where such funds are treated as outstanding operating funds, and at UNICEF and UNHCR, where such funds are recorded as expenses; (c) submission dates for financial statements of audits are not uniform, which can affect the time frame available for audit. **The Advisory Committee concurs with the Board that the inconsistencies in the regulations and rules should be considered in parallel with the implementation of the new IPSAS accounting standards**.

45. The Board of Auditors observed that, at UNEP, UN-Habitat and the United Nations Office on Drugs and Crime, the statements of income and expenditure did not disclose financial resources received from the regular budget. Resources from the United Nations regular budget for the biennium 2008-2009 for UNEP amounted to $16.9 million (or 2.3 per cent of UNEP income); for UN-Habitat, $24 million (or 7.7 per cent); and for the United Nations Office on Drugs and Crime, $41 million (or 7.5 per cent). The Board of Auditors recommended that either: (a) the title of financial statements be revised and the notes reflect that reporting is limited to voluntary funded activities; or (b) the entities consider preparing statements that include regular budget-funded activities. **The Advisory Committee notes that the entities are addressing the concerns of the Board**.

Project implementation

46. The Board continues to issue observations and recommendations on nationally executed projects, including the need to harmonize accounting methods for the payments made to implementing partners, the reconciliation of amounts paid to implement nationally executed projects, the establishment of a project management manual and the management of long-outstanding advances to implementing partners. For the biennium 2008-2009, the Board noted differences in the application of the nationally executed expenditure modality among entities, which apply a variety of rules and procedures in the management of the audit process for nationally executed projects. For example, at UNICEF cash assistance to Governments does not require mandatory audits similar to those under the nationally executed audit process, which presents less assurance in terms of how the funds are utilized. The Board highlighted weaknesses in the nationally executed audit process, for example at UNFPA, which could not provide to the Board accurate data on the submission of reports on nationally executed projects (see para. 38 above). The Board noted that UNFPA had not reviewed the data that was entered into the database on nationally executed projects and that a number of discrepancies existed. In addition, UNHCR received a qualified audit opinion as a result of the low rate of audit certificates for nationally executed projects for the year ended 31 December 2008. The Board also noted the new Harmonized Approach to Cash Transfers initiative with regard to funds provided for project implementation purposes and stated that it would keep the initiative under review. **The Advisory Committee**

emphasizes the need to strengthen the audit process for nationally executed projects.

Revenue-producing activities

47. The Board found that in 2008 and 2009, there were 29 and 27 UNICEF National Committees, respectively, that had retention rates for sales of greetings cards and gifts greater than 25 per cent. In addition, 24 National Committees had overall retention rates for revenue (including both the gross proceeds from the sales of greeting cards and gifts and revenue from private-sector fund-raising activities) greater than 25 per cent in both 2008 and 2009. The Board of Auditors had previously made the same observation (A/63/5, Add.2 and Corr.1, chap. II, paras. 185-188) and the Advisory Committee concurred that the retention limit should be applied and the exception be formalized (A/63/474, para. 42). For the biennium 2008-2009, the Board reiterated its recommendation that UNICEF adhere strictly to the 25 per cent limit provision contained in its Financial Regulations and Rules. UNICEF responded that it was considering an evaluation of the retention rates and that the renegotiation process was ongoing. **The Committee concurs with the Board of Auditors that, unless the limit is changed under the Financial Regulations and Rules, UNICEF should strictly adhere to the 25 per cent retention limit by National Committees.**

Procurement and contract management

48. The Board observed several instances of lack of compliance with procurement rules and highlighted these issues: (a) purchase orders exceeded the delegated authority; (b) bids were not compliant with rules; (c) procurement plans were inadequate or non-existent; and (d) vendor database management was inadequate, including vendor registrations which were not kept up to date. For example, two UNFPA country offices did not have supporting documents for vendors other than application forms, and at least 28 vendors that had provided services in one country office had not submitted their registration application forms. One UNFPA country office did not keep records of bid activities, and the Board was unable to determine whether all bids that were received were also evaluated to ensure a fair procurement process. The country office agreed with the Board's recommendation that it implement bid-receiving procedures in accordance with procurement policies and procedures. The Board of Auditors observed that procurement remains a high-risk area which, if not well managed, has the potential to undermine the integrity of the United Nations system and that procurement deficiencies need to be addressed fully and without delay so as to minimize the financial risk involved. **The Advisory Committee concurs with the Board's observation.**

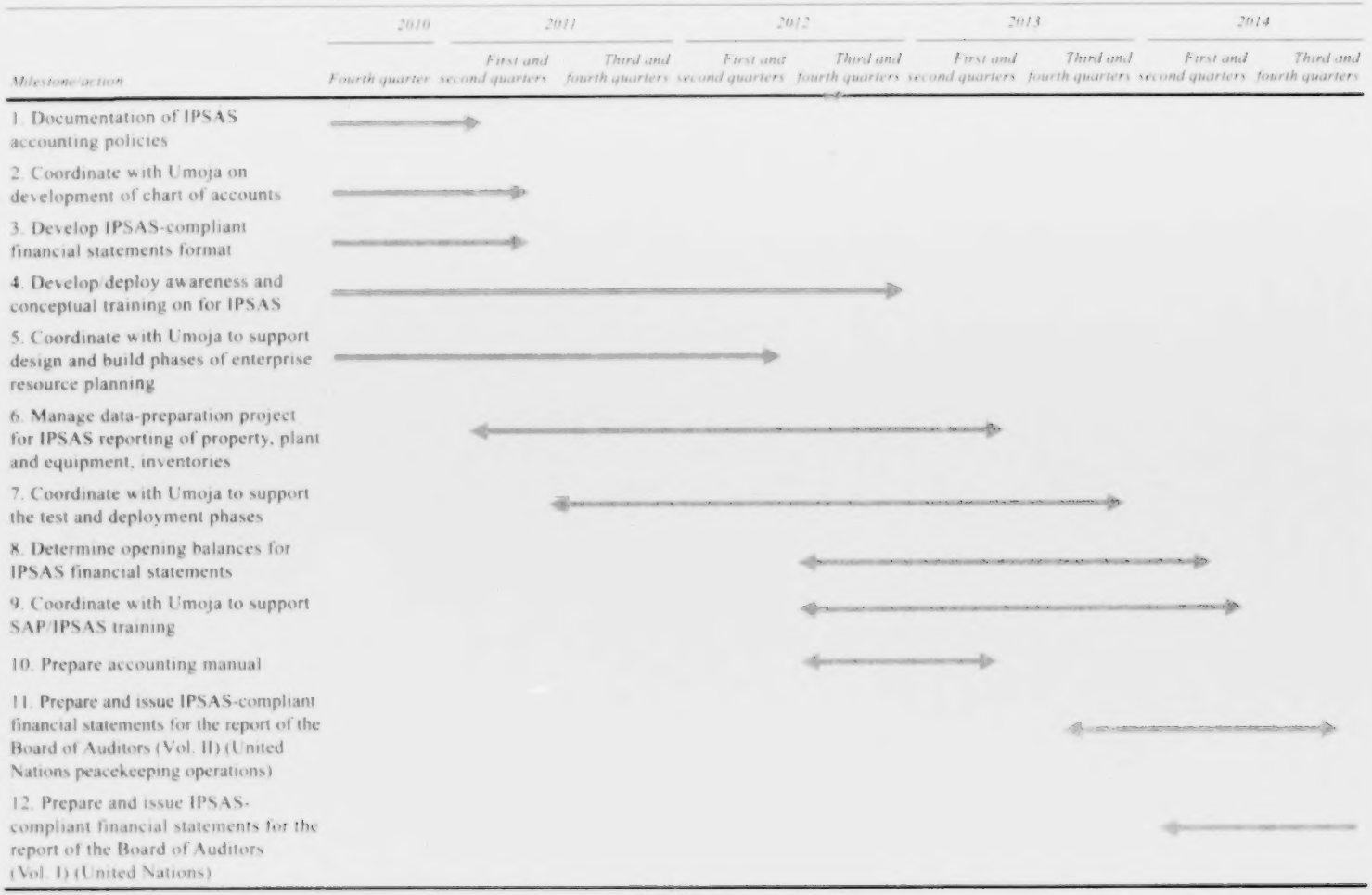
Non-expendable property

49. As noted in the context of the Board's findings on the United Nations (see paras. 30 and 31), the Board continues to reiterate its observations and recommendations on assets management overall, and on non-expendable property in particular. For example, at one UNFPA country office, no locations were indicated for 77 per cent of assets, and at another country office, no location was indicated for 82 per cent of assets. At UNHCR, two country offices were not performing reconciliations of assets owned by UNHCR but used by its partners. At one UNHCR country office, four vehicles valued in excess of $24,000 each were valued at zero.

and other vehicles could not be located in the asset report. **The Advisory Committee remains concerned about the continued improper accounting for non-expendable property, which poses a reputational risk, in particular to funds and programmes, which are largely dependent on voluntary funding.**

Annex

IPSAS project high-level timeline of milestones, 2010-2014


2010
2011
2012
2013
2014
Milestone/action
Fourth quarter
First and second quarters
Third and fourth quarters
First and second quarters
Third and fourth quarters
First and second quarters
Third and fourth quarters
First and second quarters
Third and fourth quarters
1. Documentation of IPSAS accounting policies
2. Coordinate with Umoja on development of chart of accounts
3. Develop IPSAS-compliant financial statements format
4. Develop/deploy awareness and conceptual training on for IPSAS
5. Coordinate with Umoja to support design and build phases of enterprise resource planning
6. Manage data-preparation project for IPSAS reporting of property, plant and equipment, inventories
7. Coordinate with Umoja to support the test and deployment phases
8. Determine opening balances for IPSAS financial statements
9. Coordinate with Umoja to support SAP/IPSAS training
10. Prepare accounting manual
11. Prepare and issue IPSAS-compliant financial statements for the report of the Board of Auditors (Vol. II) (United Nations peacekeeping operations)
12. Prepare and issue IPSAS-compliant financial statements for the report of the Board of Auditors (Vol. I) (United Nations)

Note: The timetable assumes the timely deployment of SAP to meet the IPSAS adoption target of 2014 and that the Umoja project maintains a synchronized timeline; information updated as of September 2010.